
*The land of the rising football*
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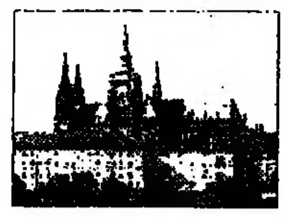
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# FINANCIAL TIMES

Europe's Business Newspaper
WEEKEND OCTOBER 9/OCTOBER 10 1993
D8523A

## Bitter debate over handling of Moscow uprising

A bitter debate is brewing within the Russian government as details emerge of the Russian army's long period of inactivity during last

Sunday's bloody uprising. The government of President Boris Yeltsin (left) was utterly unprepared for any kind of armed attack, and the army debated for hours whether it should "become involved in politics" while armed supporters of the banned parliament roamed Moscow, captured the mayoral offices and attacked a television centre. Page 24; Russia may vote on constitution, Page 2; Membership up at reform club, Page 9

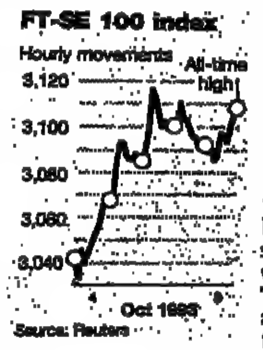
**US jobs figures boost bonds:** US bond prices rose sharply after the Labour Department said unemployment was unchanged at 6.7 per cent and reported a lower-than-expected rise in non-farm jobs. Page 3; Lex, Page 24

**Asylum seekers in UK:** Asylum seekers in the UK can lawfully be denied the right to claim refugee status after fleeing persecution in their homeland if they first set foot in a "safe" third country, the High Court ruled, "however undesirable it might be on humanitarian grounds".

**US soldiers' bodies recovered:** The bodies of two more US soldiers were recovered from Sunday night's street battle in the Somali capital, Mogadishu, raising the death toll to 15. Ghost of Vietnam looms over Clinton's muddle, Page 3

**BNFL cleared of leukaemia link:** British Nuclear Fuels was cleared by the High Court of allegations that radiation from its Sellafield reprocessing plant in Cumbria had caused leukaemia in children by damaging the genes passed on by their fathers. Page 4

**FT-SE 100 index**



Source: Reuters

**London shares:** The UK stock market achieved a new closing peak on a strong close. The market had already begun to joust with its former closing high when John Major, the UK prime minister, began his keenly-awaited speech to the UK Conservative party conference. The FT-SE Index closed at the day's best, with the final reading of 3,108.6 showing a rise of 16.2. Page 15

**Lucas offers chief executive post:** Lucas Industries, the troubled UK automotive and aerospace components company, has offered the post of chief executive to George Simpson, deputy chief executive of British Aerospace and chairman of Rover Group, its vehicles subsidiary. It is understood Mr Simpson has still not decided whether to accept the job. Page 24

**UK may quit central bank race:** Britain appears ready to drop its claim to base the European Monetary Institute, the core of the future European central bank, in London, clearing the way for a deal to locate the EMI in Frankfurt. Page 2

**Bhutto claims sufficient support:** Benazir Bhutto, leader of the Pakistan People's party, said she would form the country's next government, but her arch rival, Nawaz Sharif, refused to concede defeat, despite the lead won by Ms Bhutto in Wednesday's elections. Page 3

**Labour tension in Japan:** The call by Japan's trade union movement urging employers not to cut jobs and wages underlines emerging labour tension in the country. Page 3; Currencies, Page 13

**Automated Security (Holdings),** the international electronic security systems company, saw shares plunge nearly 23 per cent after the group issued a profits warning. In a related development, de Zoete & Bevan, ASH's joint stockbroker for 10 years, resigned in a dispute over the group's enhanced scrip dividend. Page 10

**Hi-Tec,** the sports and leisure wear company, returned to the black in the six months to July 31, with pre-tax profits of £776,000 against losses of £2.8m, thanks partly to strong growth in the US. Page 10

**■ STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 3,108.6 | (+16.2) |
| Yield | 3.77 | |
| FT-SE Eurotrack 100 | 1,321.16 | (+3.4) |
| FT-A All-Share | 1,536.97 | (+0.4%) |
| Nikkei | 20,378.64 | (+113.01) |
| New York lunchtime: | | |
| Dow Jones Ind Ave | 3,569.93 | (-13.7) |
| S&P Composite | 457.7 | (-1.48) |

**■ US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 2⅞% |
| 3-mo Treas Bills: Yld | 3.023% |
| Long Bond | 104½ |
| Yield | 5.922% |

**■ LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 5⅞ | (same) |
| Liffe long gilt future: | Dec 114⅞ | (Dec 113½) |

**■ NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (Nov) | $17.19 | (17.16) |

**■ Gold**

| | | |
|---|---|---|
| New York Comex (Dec) | $361.5 | (358.5) |
| London | $357.25 | (357.7) |

**■ STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.5358 | |
| London: | | |
| $ | 1.536 | (1.5225) |
| DM | 2.465 | (2.47) |
| FFr | 8.645 | (8.6475) |
| SFr | 2.1575 | (2.17) |
| Y | 162.0 | (160.0) |
| £ Index | 80.9 | (same) |

**■ DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.602 | |
| FFr | 5.6202 | |
| SFr | 1.4025 | |
| Y | 105.45 | |
| London: | | |
| DM | 1.604 | (1.623) |
| FFr | 5.6275 | (5.68) |
| SFr | 1.4055 | (1.4255) |
| Y | 105.5 | (105.1) |
| $ Index | 64.6 | (65.0) |

Tokyo close Y 105.25

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Appeal on law and order, family and responsibility gives prime minister breathing space

# Major urges party to unite behind traditional values

By Philip Stephens and Ivor Owen

MR John Major won a breathing space for his premiership last night after a successful plea to the Conservative party at its Blackpool conference to unite behind its traditional values.

In a speech tailored to the preoccupation of the party faithful with law and order, the family and individual responsibility, the prime minister dismissed speculation about his hold on the leadership.

Referring to the furore this week over Lady Thatcher's forthcoming memoirs, he joked: "I'm not about to write my memoirs." He added: "There is a job to be done, a job I was elected to do. And I propose to go on doing it."

In a thinly veiled rebuke to his critics on the back benches, he continued: "We cannot have a lobby against every difficult decision. Decisions are what governments are for and we have to take them."

Mr Major then made a deliberate pitch to cement an alliance with the Ulster Unionists that could effectively double his thin majority at Westminster. He flatly rejected any prospect of negotiations with the IRA or Sinn Fein as long as they were responsible for or supported violence. Emphasising his commitment to the Unionist majority, he added: "We are not going to bargain away the people's democratic rights."

His closing speech to the conference was rewarded with a 12-minute standing ovation, an enthusiastic response that marked the end of a week in which the government has managed to contain the disenchantment of Tory party activists.

It was also judged by cabinet colleagues to have closed off completely the remote possibility that Mr Major might face a direct challenge to his leadership next month.

Conference reports ....Page 7
Iron enters his soul ....Page 8

But cabinet ministers acknowledged that the return of MPs to Westminster for the reopening of parliament later this month might could mark a renewed outbreak of internal strife in the party over taxation, spending and the privatisation of British Rail.

The rightwing tone of the speech – emphasising the Conservatives' commitment to traditional values and calling for "a return to basics" in education – marked a drive to win back disgruntled Tory supporters.

Judging that the voters have become increasingly angry with what he called "fashionable opinion", Mr Major told the conference: "It is time to return to the old core values."

He reserved his toughest phrases for law and order. The attack on crime would be the centrepiece of the government's legislative programme, and the measures announced this week by the home secretary, represented only the first instalment.

He added that the government would introduce new legislation to clamp down on pornography and impose tougher sanctions against child pornography.

The deliberate attempt to direct the Conservatives' message to the elderly was reinforced by specific pledges for pensioners. There would be no charges for National Health Service prescriptions for the elderly, no charges for hospital stays and no move to stop pensioners receiving their state benefits at rural post offices.

Mr Major also bowed to the growing mood of Euroscepticism by emphasising that the Conservatives would fight next year's European elections on a platform of opposition to a centralised Europe.


Eyes left: cabinet ministers enjoying an anti-Labour video before the prime minister's speech
Tony Andrews

# Brussels may prosecute UK over television curbs

By Andrew Hill in Brussels

THE European Commission is one step away from prosecuting Britain in the European Court of Justice for imposing too many controls on foreign satellite and cable television broadcasts into the UK.

The Commission has written to the UK government giving it two months to comply with the EC's "television without frontiers" directive or face court action.

Brussels is considering sending similar letters to France, Italy, Belgium and Spain accusing them of various potential breaches of EC law. Italy, for example, is said to have ignored the obligation to separate advertising from normal programmes, while Spain has not implemented the legislation at all.

The Commission is understood to be worried that the principle of a single "passport" for satellite and cable TV broadcasters is being undermined by some EC countries' attempts to impose additional regulations on foreign broadcasters.

National officials have replied that the original directive was confusing and ambiguous. They point out that all 12 member states were accused of breaching the directive when the Commission first threatened court action a year ago.

The main complaint against Britain is that foreign satellite and cable broadcasters have to get a licence from the Independent Television Commission in the UK, even if they have already been authorised by another member state. But at the same time, companies transmitting to member states outside the UK do not have to comply with British law and, according to the Commission, could escape EC regulation.

The directive, in force for two years, sets minimum standards on advertising and to protect children from broadcast pornography and violence. EC states can impose stricter standards on their broadcasters but cannot hamper cross-border TV services from other countries if they meet the minimum rules.

Britain has also come under scrutiny from Brussels for granting a licence to the recently launched TNT & Cartoon Network, a US-owned film and cartoon satellite channel.

France, resisting the spread of US-made films and TV programmes across Europe, has outlawed TNT & Cartoon Network. Belgium has followed suit. They believe it does not meet the EC requirement that broadcasters devote a majority of transmission time to "European works".

BSkyB card, Page 4

# Postel bid to rescue Greycoat rejected

By Richard Gourlay

THE £130m plan to rescue Greycoat, one of Britain's most audacious and acclaimed property developers of the 1980s, was yesterday roundly rejected by bond and shareholders.

The failure of the bid from Postel, the UK's largest pension fund, leaves Greycoat on the brink of liquidation and in default on its debts.

The decision is also a setback for Mr Alastair Ross Goobey, Postel's chief executive, who had taken a particularly high profile in an attempt to enlarge the pension fund's position in the recovering UK property market.

Greycoat will now have to seek a further waiver to allow it to further defer interest payments already deferred while investors considered the Postel proposals.

In heated meetings, two classes of investors rejected the rescue bid: preference shareholders and holders of zero coupon bonds, which offer capital gains instead of interest payments.

The dissenting investors claimed that Postel had undervalued Greycoat's properties, which include the prestigious Embankment Place, above London's Charing Cross Station, and Britannic House, where BP is the tenant.

They also claimed Greycoat had consistently refused to give investors the information they needed to evaluate the Postel deal and that it had failed to take into account the rise in the property market since the bid was first formulated.

Greycoat's board had warned that rejection of Postel's offer would most likely lead to liquidation as the company would be unable to meet payments on

Continued on Page 24
Lex, Page 24

# Palestine scores a winning state debut

By David Horovitz in Jericho

NEVER mind secret talks in Norwegian farmhouses, White House handshakes or the Cairo summit.

The real process of Palestinian self-determination began yesterday at a Jericho football stadium, a grassless dust-bowl set in the rolling reddish-brown hills outside the city.

The Palestine national football team took to their home field for the first time in almost 50 years to play a French national side.

True to the dawning spirit of West Bank enterprise, a light aircraft buzzed back and forth carrying a banner advertising the services of a building contractor in the neighbouring town of Nablus.

The French fielded a team packed with veterans from their 1980s glory years, with Michel Platini, once one of Europe's finest players, still the cultured maestro in midfield. The Palestinians, typically, had their side chosen by committee – the players picked from their West Bank and Gaza leagues.

"This is more than a soccer match," said Mr Saev Erakat, the Palestinian peace negotiator who acted as master of ceremonies from atop a wobbly wooden stand at one end of the pitch. "This marks the beginning of the state."

"For the first time in most of our lives," added Mr Nabil Abu-Znaid, a Hebron university official sitting nearby, "we can today carry our national flag, sing our national anthem, cheer our national team. This is the kind of event that turns people's minds from the depression of the occupation to the optimism of state-building."

Inevitably this "meeting of sport and peace", as it was billed, under the distant "patronage of president Yassir Arafat", was a chaotic affair. But it was good-natured chaos.

The ground is supposed to hold 4,000 spectators, but there were many times that number present, pushing right up to the touchlines. An attempt by the Palestinian players to loosen up before kick-off prompted a pitch invasion. Locals dragged players away for hugs, kisses and photographs. The team beat a hasty retreat to the dressing rooms.

Half-an-hour after the scheduled kick-off time Mr Erakat and his cohorts at the microphone were still appealing for the crowd to clear the pitch, but the

Continued on Page 24

## CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rin4.50; Malta Lm0.80; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway NKr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$85; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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# Steel threat to global trade talks

By Frances Williams in Geneva and Nancy Dunne in Washington

THE Uruguay Round of global trade talks has received a setback following the failure of leading steel producing nations this week to make progress on a multilateral steel agreement.

The 36-nation talks, which began on Tuesday, broke up yesterday with no date set for the next meeting. The conclusion of a steel agreement by December 15, the deadline for the Uruguay Round, has been made a condition for eliminating all duties on imported steel between the main traders as part of a broader tariff-cutting agreement.

In Washington, however, a US trade spokesman said no breakthrough had been expected at this week's multilateral steel talks. A source close to the talks said no substantive developments were likely until November.

A multilateral steel agreement would eliminate direct barriers to trade in steel over 10 years and dismantle most subsidies to the troubled industry, barring those for environmental improvements, research and development, plant closure and retraining. However, to the anger of the European Community and other steel exporters, the US wants to retain the right to challenge these under its domestic anti-subsidy laws.

Trade officials said the US had shown no softening of its position. This dashed hopes before the meeting that the decision by the US International Trade Commission last July to dismiss most of the 72 anti-dumping and countervailing-duty suits brought by US steel companies would create a better atmosphere.

Failure to abolish steel duties could upset bargaining in other areas, such as improving market access across the range of goods and services. Market access problems are expected to head the agenda when Mr Mickey Kantor, US trade representative, meets Sir Leon Brittan, EC trade commissioner, in Brussels next Wednesday.

EC negotiators claim that the US and Japan have failed to meet their promises to cut peak tariffs by 50 per cent and others by a third on average. So far Washington has offered 50 per cent cuts on only half its peak textile tariffs, and appears to be pinning its hopes on negotiations taking place between the US and EC textile industries on a tariff-cutting package.

The US is still pressing the EC to agree to zero tariffs for wood, paper, non-ferrous metals and scientific equipment, and to reduce duties on a range of electronic products.

● Mr David Woods, the spokesman for Gatt, yesterday rejected claims by the Geneva-based European Broadcasting Union that inclusion of audio-visual services in the Uruguay Round would lead to the break-up of the European broadcasting system.

**It would be "untenable" for the US-EC deal on farm subsidies, known as the Blair House accord, to be modified in any way without jeopardising the entire Uruguay Round, Mr Peter Cook, the Australian trade minister, said yesterday, writes Nikki Tait in Sydney. He was speaking before leaving for trade discussions in Brussels and a Cairns Group meeting in Geneva.**

**David Owen adds: Mr John Major, the British prime minister, also warned yesterday of the consequences for the world economy if the Uruguay Round collapsed.**

**Speaking at his Conservative party's conference in Blackpool, Mr Major warned: "You are playing with fire." If the talks collapsed in two months' time, it could unleash "protectionism, poverty and unemployment on a scale we haven't seen since the 1930s".**

# Russia may vote on constitution

By Leyla Boulton in Moscow

RUSSIA may put a new constitution to a referendum at the same time as new parliamentary elections scheduled for December 12, Mr Sergei Filatov, head of the presidential administration said yesterday.

Mr Filatov said that a final draft of the constitution to replace the Communist-era document defended by the old parliament would be drawn up by November 5 by a constitutional convention which was set up in the summer. The convention was formed from parties, interest groups and regional authorities chosen by President Boris Yeltsin after the old parliament refused to adopt a new constitution.

Although Mr Filatov expressed a preference for a December 12 referendum, he said the other option would be for the constitution to be adopted by the state duma, or lower chamber, to be elected in December. He also held out the possibility that the federation council, designed as the upper chamber of a new federal assembly, could be directly elected at the same time.

Thanking foreign governments and international organisations for their support during the crisis, President Yeltsin yesterday invited them to send observers to the parliamentary polls, which he has claimed will be free and fair.

However, the holding of fair elections will depend in large part on whether the authorities will allow opposition Communist and nationalist parties not involved in Sunday's violence to take part. It will also depend on whether they keep their promises of "equal media access" to all participants in the elections. A council is being set up to ensure equal access to television but it is not clear how effective this will be.

Mr Filatov said the Russian Communist party, headed by a moderate called Mr Gennady Ziuganov, may also be outlawed even though it was not included on the list of eight parties banned last Monday.

Mr Vladimir Solodin, head of the information ministry department which imposed the censorship ordered and then cancelled by Mr Yeltsin, yesterday spelt out the authorities' dilemma over banned newspapers.

Although he accepted that Pravda might soon be unbanned, he explained that the real problem for the authorities would be controlling more extremist papers such as Den (Day) which openly promoted violence and anti-Semitism.

Part of the problem for the government was that the press law enabled banned papers to re-register under new names. Mr Solodin apologised to two newspapers banned by accident because his department had little time to set up the emergency restrictions.

● President Yeltsin won a qualified endorsement yesterday from the leaders of 32 European democracies, meeting at the Council of Europe summit in Vienna, writes Edward Mortimer in Vienna.

The leaders deplored the loss of life in Moscow "which resulted from the resort to violence provoked by the opponents of reform", and declared their "solidarity with the supporters of the reform" under Mr Yeltsin's leadership.

Associated Press

President Boris Yeltsin (left) welcoming Azerbaijan's leader Gaidar Aliyev to the Kremlin yesterday, along with Armenian president Levon Ter-Petrosyan (right) and the Georgian head of state Eduard Shevardnadze, for talks on ending conflicts in the Caucasus

# Finland moves to relaunch sell-offs

By Hugh Carnegy in Stockholm

FINLAND'S centre-right government yesterday moved to rekindle its faltering privatisation programme, saying it would shortly seek parliamentary approval to lower the limits of state ownership in five large companies.

The Ministry of Trade and Industry said it intended to complete strategic plans for individual privatisation candidates by the end of the year, and hoped to begin the process of share sales in early 1994, at least in the case of some companies.

Despite making a commitment in principle to privatise when it took office more than two years ago, the government of Mr Esko Aho, the prime minister, has so far made little progress, held back partly by the deep recession Finland has suffered recently that has badly hit profitability. But a dramatic rally in the Helsinki stock exchange this year has greatly improved conditions for share issues.

Under the latest plan, legislation will be tabled this month to allow the state to drop the level of its voting shares in Enso-Gutzeit, the forestry company, below 30 per cent from 52 per cent now.

It will seek to lower the level in Valmet, the paper machinery group, to between 30 and 50 per cent from the current level of 73 per cent; the levels would fall to below two-thirds, but more than 50 per cent, in Neste, the energy company now 97 per cent state-controlled; in Rautaruuki, the steel company (87 per cent); and in Sisu-Auto, the truck maker (98 per cent).

● The Norwegian government is to reduce its stake in the arms-maker Norsk Forsvarsteknologi to 51 per cent through a public share issue in November, it was announced yesterday.

Some of the shares in the company, which had sales of NKr1.2bn (£120m) last year, will be offered to Statoil, the state-owned oil company, the engineering company Aker, and the shipowner, Braathens.

# France's leaders agree on asylum law

By David Buchan in Paris

FRENCH leaders have agreed a compromise on revisions to the constitution on asylum to enable France to join EC partners in implementing the Schengen free travel accord.

Both socialist President François Mitterrand and Mr Edouard Balladur, the conservative prime minister, wanted a compromise to avoid having to put constitutional changes to a referendum on an issue they feared would have given racists a platform.

The asylum argument arose in August when the constitutional court ruled against France's participation in an EC convention stating that an asylum application refused in one EC country is deemed to be refused in the other 11 EC states.

The convention is designed to prevent refugees exploiting the removal of border checks by "shopping for asylum" around the Twelve. But France's constitution, the court held, obliges it to consider all asylum demands.

The compromise revision, to be approved by parliament, would write into the constitution provisions for France to reach asylum accords with its EC partners, while giving the government the right, but no longer the obligation, to examine asylum requests refused by other EC states.

Initially, Mr Mitterrand took the side of the constitutional court while Mr Balladur backed the immigration and nationality legislation introduced by Mr Charles Pasqua, the interior minister.

## European Monetary Institute appears headed for Frankfurt

# UK may quit central bank race

By Lionel Barber in Brussels

BRITAIN appears ready to drop its claim to base the European Monetary Institute, the core of the future European central bank, in London.

The pending shift would clear the way for a deal at the European Community summit on October 29 to locate the EMI in Germany which has recently stepped up its campaign in favour of Frankfurt.

Officials in Brussels said the UK government's readiness to soften its position reflects a tactical calculation that it is no longer worth fighting a losing cause against German claims which are supported by the rest of the Community.

The same officials said the UK government also appeared to have been influenced by the faltering momentum behind the EC's goal of economic and monetary union set out in the Maastricht treaty - a view summed up by Mr John Major's recent comment that plans for Emu had "all the quaintness of a rain dance and about the same potency".

The British prime minister's statement caused irritation in Brussels, where the European Commission is trying hard to build up the EMI as an embryonic European central bank ready to start business on January 1, 1994, under the so-called stage two of Emu.

> Britain's readiness to soften its position reflects the fact that it is no longer worth fighting a losing cause against Germany, which is backed by the rest of the EC

EC finance ministers, who are holding informal talks in Genval, near Brussels, will today hear details of legislation regarding the operation of the EMI from Mr Henning Christophersen, EC economics commissioner.

The legislation bans governments from borrowing indirectly from central banks; bars privileged access by governments to financial institutions; encourages governments to rein in excessive budget deficits and debt, and sets out the various contributions of central banks towards financing the institute.

It must be given a favourable opinion by the European parliament by the end of the year to go into effect by January 1, 1994.

Mr Christophersen is said to be determined that the EMI will not be "a shell". He believes that it could serve to draw member states and central banks into a more formal system of monetary and macroeconomic co-operation.

Last night, Mr Jacques Delors, president of the European Commission, gave a presentation to finance ministers on the economic outlook in the Community as well as his thoughts on jobs, growth and competitiveness.

These are to be combined in a White Paper to be submitted to the EC summit in Brussels in December.

At the Genval meeting, ministers will also have a broad discussion on the lessons of the August 2 currency crisis which led to the virtual collapse of the exchange rate mechanism.

However, diplomats in Brussels cautioned that it was "too early" to expect any conclusions or decisions.

# UN plans to aid nearly 3m in Bosnia

THE United Nations yesterday launched an appeal for nearly $700m (£463m) to feed and shelter 4.26m people in former Yugoslavia between now and next June, writes Frances Williams.

Mrs Sadako Ogata, the UN High Commissioner for Refugees, said some 2.74m people in Bosnia – 1.1m more than last year – would need help to get through the winter, but repeated earlier warnings that "without peace, the humanitarian relief effort will be unable to avert catastrophe".

Mrs Ogata added: "With fighting and ethnic cleansing continuing, never has there been so much intolerance and misery in the region."

The responsibility for the agony in Bosnia lay with the political and military leaders. No amount of humanitarian assistance could overcome this stark reality, she said.

● Bosnian Serbs have agreed to allow the UNHCR to send relief convoys this weekend to Maglaj and Tesanj, two besieged Moslem enclaves cut off from aid supplies for more than 100 days, the UN said yesterday, Reuter reports from Geneva.

# Van Miert calls for Gatt rules on business barriers

By Andrew Hill in Brussels

THE international trade rules of the General Agreement on Tariffs and Trade should be extended to cover restrictive business practices, Mr Karel Van Miert, the EC competition commissioner, said yesterday.

He said a combination of internationally agreed minimum competition rules and firm enforcement, perhaps through the Gatt dispute procedure, could help end restrictive business practices.

As tariff and non-tariff barriers were cleared away these "private barriers to trade" were increasingly the most important obstacle to corporate expansion, he told the Euro-American Chamber of Commerce in Washington.

Mr Van Miert used the example of the Japanese and Korean markets, which he said were closed "not so much by tariffs but by exclusionary behaviour, biased distribution systems or other private practices". It is the second time in two years that a senior European commissioner has urged the Gatt to take on a new role in regulating competition. Sir Leon Brittan, then competition commissioner and now responsible for trade, told the 1992 World Economic Forum in Davos that the Gatt should draw up worldwide competition rules covering subsidies, cartels, merger policy and public monopolies.

Mr Van Miert and Sir Leon's proposals may find a sympathetic ear in Geneva, where their immediate predecessor as EC competition commissioner, Mr Peter Sutherland, is now Gatt director-general.

Mr Van Miert said that in the initial stage of such a plan, the Gatt would not handle individual companies' complaints about anti-competitive practices, but would ensure that countries were enforcing minimum competition rules.

However, he acknowledged that "one should not even dream about a worldwide and independent competition agency at this stage".

# EC Davids fending off Goliaths

By David Gardner in Brussels

THE European Community's smaller member states seem to be winning the battle to stop the big powers trying to change the EC's decision-making procedures to favour the large member states.

France in particular, but also Germany and the UK, have been looking at how to tilt the balance in their favour when the EC takes in up to four new member states – Austria, Sweden, Norway and Finland – around 1995.

*But ambassadors of the* Twelve on Thursday night passed on to foreign ministers without amendment a paper from the Belgian presidency preserving intact for 16 member states the voting procedures which now apply for 12.

Foreign ministers will have to decide, beginning probably at a special meeting on October 26, whether to preserve the status quo, or risk intra-EC confrontation and the alienation of the four applicant countries if the decision-making balance is altered.

"This is something we are prepared to die in the last ditch for," said a senior Irish official, who warned that any strengthening of the larger member states' position at this stage could tear the Community apart. The Irish, along with the *Dutch and the Danes, refuse to* countenance any change now in the basic chemistry of the EC, which has a weighted majority voting system giving small states a real voice and influence.

At enlargement negotiations in Luxembourg this week, ministers from the applicant countries rejected any reform of EC decision-making before they are inside and able to shape it. If reforms went ahead beforehand, "we would end up joining another kind of Community, not the Community we originally applied to", warned Mr Pertti Salolainen, Finnish foreign trade minister.

The larger member states fear the EC would be paralysed if it takes in a large influx of small countries under existing rules. But the Lisbon summit last year decided that the first wave of enlargement needed technical adjustment rather than reform, which would be put off until aspirant members from east and central Europe and the Mediterranean start accession negotiations.

# Papandreou prepares for power

By Kerin Hope in Athens

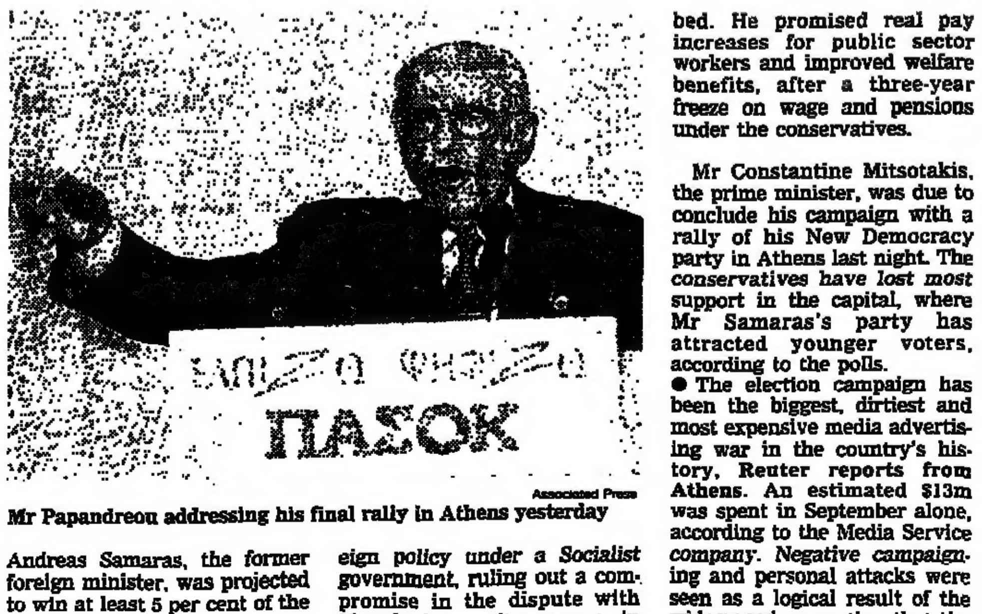
GREEK ELECTIONS

GREECE'S opposition Panhellenic Socialist Movement (Pasok) was four points ahead in the opinion polls yesterday, on the last day of campaigning before Sunday's general election.

Mr Andreas Papandreou, the Pasok leader, appeared confident of victory, promising at a rally in Athens to make Greece "a modern, democratic state that will stamp a seal of peace and co-operation on the Balkan region". Support for Pasok appeared to have stabilised at around 45 per cent, against about 41 per cent for the conservatives, according to polling organisations in Athens. This result would give the Socialists a clear majority in the 300-member parliament.

Political Spring, the conservative splinter group founded three months ago by Mr Andreas Samaras, the former foreign minister, was projected to win at least 5 per cent of the vote and a dozen seats.

Mr Papandreou also stressed yesterday that Greece would "make no concessions" in foreign policy under a *Socialist* government, ruling out a compromise in the dispute with Macedonia over its name, or in the long-running quarrel with Turkey, a Nato ally, over mineral rights in the Aegean seabed. He promised real pay increases for public sector workers and improved welfare benefits, after a three-year freeze on wage and pensions under the conservatives.



Associated Press

Mr Papandreou addressing his final rally in Athens yesterday

Mr Constantine Mitsotakis, the prime minister, was due to conclude his campaign with a rally of his New Democracy party in Athens last night. The *conservatives have lost most* support in the capital, where Mr Samaras's party has attracted younger voters, according to the polls.

● The election campaign has been the biggest, dirtiest and most expensive media advertising war in the country's history, Reuter reports from Athens. An estimated $13m was spent in September alone, according to the Media Service *company. Negative campaign*ing and personal attacks were seen as a logical result of the widespread perception that the weakest points of Pasok and New Democracy were their leaders, both aged 74.

# OECD praises Hungary but urges more reforms

By Nicholas Denton in Budapest

THE Organisation for Economic Co-operation and Development has paid a backhanded tribute to the maturity of Hungary's reforms by issuing a comprehensive critique *of its economic policy in a sur*vey released yesterday.

"Many of the issues could not have arisen had not Hungary already made substantial progress in establishing a market economy," the organisation says of its "partner in transition".

The OECD sugars its uncomfortable recommendations by saying that their very detail is "indicative of progress". However, *the organisation's* reproaches are bound to embarrass the Hungarian authorities.

Singled out for particular concern is the financial system which, despite rapid development, showed "weaknesses in its basic structure".

A "credit crunch" arose last year in Hungary, the OECD states. Banks, although highly liquid, curtailed their lending to enterprises sharply because of new bankruptcy legislation which increased credit risk.

*Accompanying* the crunch was a steep rise in spreads between deposit and lending rates from 4 per cent to 11 per cent by the end of 1992.

The survey puts much of the blame on fiscal pressures and high taxation in the financial services sector; reserve requirements alone are estimated to have added two percentage points to spreads.

Budgetary economy has also *conflicted with* attempts to recapitalise the banks, the OECD says, noting that the government's effort in 1992 was too limited, and "partial reconstitutions are simply not workable". The OECD accepts that the budget deficit is a product of reforms and the unexpectedly deep recession which saw GDP fall 11.9 per cent in 1991 and 5 per cent in 1992.

But the survey nevertheless identifies "serious structural budget problems" and states that the government deficit, which was 8 per cent of GDP on a consolidated basis in 1992, is "the major macroeconomic imbalance".

Privatisation is a key to recovery and, while the OECD praises Hungary's quest for "real owners" through market sales, the organisation argues for an acceleration of the process.

But the authors come out unequivocally against the proposed privatisation investment proposals to involve the public in purchases. The scheme, which went on the cabinet's agenda this week, appears to be "seriously flawed", the OECD says.

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# Finland moves to relaunch sell-offs

By Hugh Carnegy in Stockholm

# UN plans to aid nearly 3m in Bosnia

# Ghost of Vietnam looms over Clinton's muddle

## Jurek Martin on the president's dilemma in Somalia

PRESIDENT Bill Clinton may have pacified for the moment a restless Congress and public with his exposition on Thursday evening of US policies in Somalia, doubling the size of US forces there but promising the withdrawal of *almost* all of them by March 31.

But he did not answer, even to the satisfaction of those sympathetic to his dilemma, many of the questions still surrounding the US involvement in a distant country where, in the post-cold war era, no apparent US national interest is at stake. Perhaps the biggest of these is his assertion that conditions on the ground in Somalia will be so much improved six months from now that the UN and other nations, including Africans, can assume *the US burden.*

In purely domestic terms Mr Clinton undoubtedly scored points with his argument that the US simply cannot "cut and run" because American soldiers are killed or captured. Quoting General Colin Powell, the immensely respected and just retired chairman of the joint chiefs of staff, to this end lent an additional validity.

It also helped that he disavowed any central US role in shaping Somalia's future in the longer term beyond trying to prevent in the months ahead a return to anarchy and starvation and sending Mr Robert Oakley, the diplomat who knows Somalia well, back to facilitate any negotiations.

But Mr Clinton's attempt to strike a middle ground between the twin poles of an early withdrawal and a bigger commitment struck many in the US as indelibly reminiscent of the early stages of US involvement in Vietnam.

Already, comparisons are being freely made in the media here between General Mohammed Farah Aideed, the Somalia faction leader, and Ho Chi-minh, the Vietcong master tactician. The sense that his rag-tag, though well-armed, urban army would be easy meat for US firepower has been disabused by last weekend's disastrous engagement.

Mr Clinton said in his speech, which never mentioned General Aideed by name, that it was crucial not to personalise the situation, and yesterday Mr Les Aspin, the secretary of defence, did not rule out negotiations with the warlord.

Yet US officials seem uncertain about General Aideed's intentions. On the one hand there is fear that he may seek to exploit US captives, as the revolutionary regime in Iran did in 1979-80: on the other it would be logical for him to lie low and husband his resources until after US forces depart, thus undermining Mr Clinton's rationale that the US merely wanted to make it possible for Somalis "to reach agreement among themselves".

In this muddled context, the precise role of the beefed-up US military contingent remains unclear, beyond the task of protecting forces already on the ground. The president's mission statement included a reference to keeping the pressure on those who would frustrate the political process and the delivery of humanitarian supplies, but whether this amounts to a fully fledged assault on General Aideed's forces in south Mogadishu is unknown.

There is also palpable tension between the US administration and Mr Boutros Boutros Ghali, the UN secretary general. He is widely accredited with persuading the US to go after General Aideed after the murder of 24 Pakistani peacekeepers in June which, in turn, led to the loss of American lives.

It follows that there is little confidence in the ability of Mr Boutros Ghali and the UN to assemble the sort of peacekeeping presence able to take over from the US. If he fails – and if Mr Oakley is also unable to persuade other African nations to step in – then Mr Clinton may find himself facing another tricky decision next spring.

There is another serious consequence of the Somali question. The tenor of political and public reaction in the US can leave no expectations that the US would agree to send its military to help enforce any peace in Bosnia were a settlement there to be reached. Indeed, it will only require a US soldier to lose a life in Haiti, where 600 are supposed to smooth the way for the return of President Jean Baptiste Aristide, for the overall cause of peacekeeping in American eyes to have been dealt a grievous blow.

But buying time with Congress and the public does help. Mr Clinton's popularity ratings, awful this summer, are recovering towards where he stood at his inauguration, mostly because he has seemed more sure-footed and innovative at home. That is the business he needs to get back to.

US troops wounded in Somalia wait for transport to a medical centre at Andrews Air Force base in Maryland Associated Press

# Somalis hand over two more bodies

THE bodies of two American soldiers have been recovered from Sunday night's fierce street battle in the Somali capital, raising the death toll to 15, a UN military spokesman said yesterday, Agencies report.

Capt Tim McDavitt said the bodies were brought into one of the US compounds in Mogadishu over the past couple of days. They had not been identified.

Another three US soldiers are still missing after Sunday night's fighting which also killed a Malaysian peacekeeper and wounded 77 Americans.

UN forces yesterday broadcast a message of hope to the missing in case they are still alive.

Meanwhile, a delegate of the International Committee of the Red Cross visited pilot warrant Officer Michael Durant, a US helicopter pilot held by the forces of fugitive warlord, General Aideed. An ICRC spokesman said Durant was in good spirits and was receiving medical treatment from his captors.

Meanwhile, Gen Aideed's clandestine radio urged followers to "defend yourselves against US aggression".

## NEWS IN BRIEF

### Israel will free most Intifada prisoners

ISRAEL is ready to free almost all of the more than 10,000 Palestinian detainees it is holding for Intifada related offences, as a confidence building measure in the run-up to the start of Palestinian self-rule in Ghaza and Jericho next spring, writes *David Horovitz in Jerusalem.*

A plan for the release of the detainees was presented yesterday to Mr Yitzhak Rabin, prime minister, by the heads of the Israeli army.

Final details of the prisoner release are to be hammered out at talks between Israeli and Palestinian negotiators beginning next Wednesday.

According to a source close to Mr Rabin, the Israeli plan provides for the freeing of most Intifada offenders, but the transfer of several hundred top security prisoners – "those with blood on their hands" – from West Bank and Gaza jails to prisons inside sovereign Israel.

The army also detailed its proposals for ensuring the safety of Jewish settlers, for co-operation between Israeli and Palestinian security forces, and for the construction of various by-pass roads to ensure secure travel for Jews in the territories once the Palestinian self-rule programme comes into effect.

### Nigerian oil chief suspended

Nigeria's interim government yesterday suspended the head and some senior officials of the state-owned oil company following fraud allegations.

It said those suspended included the corporation's group managing director, Mr Edmund Daukoru, and group executive director in charge of finance and accounts, Chief O O Okwara.

The statement said O.

### BAe confident on Taiwan deal

British Aerospace yesterday said it was confident that a long-delayed joint venture with Taiwan Aerospace Corporation (TAC) to build regional jets would go ahead, writes Danny Green.

It said one of the causes of the hold-ups has been the disruption to the command structure at TAC culminating in the resignation of its president, Mr Denny Ko, last week. Mr Ko had signed the original agreement with BAe in January to create the joint venture company, called Avro.

BAe is trying to restart talks to bridge remaining differences between the two sides later this month.

Taiwan wants to enter civil aerospace as part of its industrial policy, but opposition politicians have attacked the proposed venture on commercial grounds. TAC's board next meets on October 19 and the government indicated this week that it would leave the decision on Avro to the board.

# US lacklustre jobs figures boost bonds

By Michael Prowse in Washington

US BOND prices rose sharply on Wall Street yesterday following the release of lacklustre employment figures pointing to continued sluggish economic growth.

The Labour Department said unemployment was unchanged last month at 6.7 per cent and reported a net rise of 156,000 in non-farm employment, less than many traders expected.

Analysts had feared that a robust increase in jobs would step up pressure on the Federal Reserve to tighten monetary policy. The release of relatively weak figures relieved the tension. The price of the benchmark Treasury 30-year bond soared 1¼ points in early trading, one of the biggest gains in recent weeks. By midday the dollar was down two pfennigs at DM1.6050.

"It's a respectable job gain, but the details of the report are disappointing," said Ms Cynthia Latta, an economist at DRI/McGraw-Hill, the forecasting group. There was no reason to expect an acceleration of economic growth, currently 2.5 per cent a year. "The Fed might as well go on vacation."

Mr Robert Reich, the labour secretary, said the jobless rate was still too high. He said the number of people unemployed for six months or more was still rising despite economic recovery and a fall in the overall jobless rate in the past year.

The increase in non-farm employment last month was in line with the average monthly gain so far this year. It followed a revised decline of 41,000 in August.

Manufacturing employment fell by 18,000 last month, taking the total loss since February to 266,000. Service sector employment rose 164,000 with most of the gains in the government and retail sectors.

The index of aggregate hours worked fell 0.8 per cent, further evidence of relatively sluggish trading conditions.

**The Chicago Board of Trade and the US Labor Department are investigating reports that the September jobless data was leaked to bond market traders ahead of the official release yesterday, writes Laurie Morse in Chicago.**

**Treasury bond futures traders at the Chicago Board of Trade became suspicious when bond futures prices rallied sharply in disorderly or "fast market" conditions just minutes before the release.**

# Mandela wants S Africa to join Lomé pact

By Our Foreign Staff

MR NELSON MANDELA, the African National Congress leader, yesterday asked the European Community to allow a democratic South Africa to join the Lomé Convention governing trade, aid and co-operation between the EC and 69 developing countries.

At talks in Brussels with Mr Jacques Delors, European Commission president, and Mr Manuel Marin, EC development commissioner, Mr Mandela is understood to have expressed a preference for accession to the Lomé accord, rather than other options for EC-South African relations.

The ANC president won EC pledges to help build a new civil service, army and police force, and Community support to prepare voters for multiracial elections next April.

Mr Mandela said that while South African membership of Lomé was under discussion, the republic's mixture of pockets of wealth surrounded by backwardness meant it should be regarded as an economy in transition, rather like the post-Communist central European economies.

The EC has progressive market access and substantial aid agreements with east and central Europe. But current thinking in Brussels favours a relationship with South Africa as part of a more integrated bloc of nations in southern Africa. This is based on the premise that Pretoria would join the Southern Africa Development Community, which South Africa already dominates economically by the extent of its trade and industrial links.

EC officials are uncomfortable with the idea that South Africa, with comparative advantages in areas such as agriculture, a developed financial system, industrial capacity, and advanced transport and communications infrastructure, should be slotted into a format such as Lomé designed to aid much less developed former colonies.

But Mr Willy Claes, foreign minister of Belgium, which holds the EC presidency, said: "We think it is possible to integrate South Africa within Lomé IV," the fourth Lomé Convention now under negotiation.

Meanwhile in New York, the UN General Assembly yesterday agreed to end most economic sanctions against South Africa, two weeks after Mr Mandela, in an address to the world body, proposed lifting the restrictions

However, the oil embargo will remain in place until the Transitional Executive Council agreed last month becomes operational, probably around the end of the year.

In South Africa, conservatives have formed the Freedom Alliance, grouping former members of the Concerned South Africans Group (Cosag) – Bophutatswana, Ciskei, Inkatha, the Conservative Party and Afrikaner Volksfront. At the same time, Bophutatswana and Ciskei withdrew from the negotiating council – the forum for multi-party talks – and ended all meetings with the government and ANC.

The Alliance's short-term aim is to present a single, united negotiating team which will seek concessions on federalism from the ANC. In the longer term, it seeks to displace the National Party as the country's second largest political group behind the ANC.

# Labour tension threatens in Japan

By William Dawkins in Tokyo

JAPAN'S trade union movement shed some of its traditional compliance yesterday by urging employers not to cut jobs and wages.

The call came in a resolution at the end of the annual convention of the 7.8m-strong Rengo trade union confederation. While bland by European standards, it points to the arrival of labour tension, the latest consequence of Japan's worst recession for 20 years.

The downturn has already forced some of the biggest companies to shed jobs and consider cutting bonus payments, in the process challenging the post-war traditions of lifetime employment and generous overtime pay.

Mr Akira Yamagishi, Rengo president, warned that the confederation was determined to win pay rises in next spring's annual wage round, despite companies' efforts to cut wage bills. Management demands to choose between pay cuts or job cuts "can never be accepted".

Rengo, which represents nearly 12.5 per cent of the workforce, has been Japan's only union federation since its foundation in 1989 from a merger of labour groups.

It is unclear how unified it is or how it will try to achieve the aims it spelt out yesterday. The main electronics unions appear ready to accept a small decline in bonuses, and unions generally have been unwilling to take effective strike action.

Rengo's resolution also urged the government to cut income tax by Y5,000bn (£31bn) and to abandon plans to lift the retirement age from 60 to 65, needed to ease the demands on an overstretched social security budget.

Japan's employment problem is nothing like as serious as that of its US and European competitors. Nevertheless, the workforce has been worried by the long series of job cuts and warnings on pay.

Earlier this week Mr Takeshi Nagano, chairman of the Nikkeiren employers' federation, warned that management would consider cutting salaries to ensure full employment in the next fiscal year. At least three leading carmakers are considering reduced winter bonuses this year and two steelmakers may give staff extra time off on low pay.

Wages were under pressure even before the latest squeeze. The average private sector rise last year was 1.9 per cent, the lowest for 34 years, according to the national tax administration agency. Growth is widely expected to be even lower this year and next.

Koyo Seiko, the bearings producer, yesterday became the latest Japanese company to announce job losses. It will shed 1,200 jobs.

# OECD tells Tokyo 'no growth this year'

By William Dawkins in Tokyo

JAPAN'S economy will not grow at all this calendar year, according to latest estimates by the Organisation for *Economic Co-operation* and Development.

The Paris-based organisation has revised its provisional 1993 growth forecast for Japan downward from the 1 per cent predicted last July, said Mr Kumiharu Shigehara, head of the its economic department.

Growth would be slightly less than 2 per cent next year, he told Japanese newspapers. This would mark a recovery beyond the 1.5 per cent rise in gross national product in 1992.

Mr Hirohisa Fujii, finance minister, dismissed the estimate as "pessimistic", but admitted that economic recovery had been stalled by an unusually cool summer and a stronger than expected yen. However, he saw no reason to devalue the yen, in response to question at a news conference.

The OECD will publish its final estimate at the end of this year. Its latest revision, made by a working group last month, reflects stagnant personal consumption during the summer, a drop in export volumes and the continued fall in Japanese asset values, Mr Shigehara was reported as saying.

He believed, like most of Japan's business community, that an income tax cut was needed. But Mr Shigehara warned that consumers were so cautious that they might respond by saving rather than spending more.

Last month's cut in official interest rates was effective in bring Japanese interest rates closer to US ones in real terms, but was unlikely on its own to promote a rise in bank lending to small and medium sized businesses, he said. The business recovery would be slow.

● Japan's record current account surplus could damage the global economy and give other countries an excuse for protectionism, a report by the economic council, an advisory group, warned yesterday.

# Bhutto claims she has enough support to form government

By Farhan Bokhari in Lahore and Stefan Wagstyl in Islamabad

MS Benazir Bhutto said yesterday she would form Pakistan's next government in Islamabad, but her arch rival, Mr Nawaz Sharif refused to concede defeat. Ms Bhutto's Pakistan People's party won a significant lead in Wednesday's elections over the Pakistan Moslem League, winning 92 seats to the PML's 72 seats in the 217-seat lower house of the parliament, the national assembly. Ms Bhutto hopes to widen her alliance by including other independent members and smaller parties, which would give her a majority. She said yesterday: "Mr Nawaz Sharif has lost the battle. The numbers cannot be played with. There is no way that he can catch up."

The results have raised fears that the new government could be weak if it is pulled in different directions by coalition partners. Pakistan's most difficult challenge is that of putting in place a stable government which would end a year of crisis in government.

The country's four provinces go to the polls today, with the crucial fight in the Punjab, Pakistan's largest and most prosperous province. While urban Punjab is Mr Sharif's territory, the PPP and its allies are strong in rural districts. In Wednesday's general elections the PPP and its allies won slightly more Punjab seats than the PML.

Both sides are now hoping to win enough seats to form the government in all four provinces. Although the PPP is still expected to form the central government, the provincial election results would establish the extent to which Mr Sharif could stall Ms Bhutto politically, by hampering central government policies.

Mr Sharif is also insisting on forming the central government through a new coalition in order to rally his supporters before today's provincial elections. Mr Siddiq-ul-Farooq, a senior aide to Mr Sharif, said last night: "We are confident of forming the government at the centre. We are in contact with smaller groups and individually elected members to seek their support."

Benazir's husband, Asif Ali Zardari, celebrates winning a seat AP

# China rates squeeze alarms export credit bodies

By David Dodwell, World Trade Editor

EFFORTS by Chinese companies to squeeze interest charges on loans for big import contracts below internationally agreed "consensus" rates have caused alarm this week among leading export credit agencies.

At a meeting of their umbrella body, the Berne Union, the agencies warned that the Chinese pressure was threatening to blur the higher levels of transparency being sought in the financing of big contracts in the developing world.

They said the efforts would raise funding costs rather than trim them.

The "consensus" interest rate on finance for contracts in China is currently 6.75 per cent. This figure is reviewed twice a year by the Paris-based Organisation for Economic Co-operation and Development and is intended to prevent tit-for-tat subsidy wars over the financial terms of contracts in developing countries.

Pressure from China has come from companies that have to pay a 35 per cent tax on any foreign contract which carries loan interest rates higher than 5 per cent.

Contractors in certain countries have been willing to "cosmeticise" their interest rates by adding to the price of the contract the 1.75 per cent margin between China's demanded rate and the consensus rate.

This has been condemned by certain countries, among which Australia has been prominent, because it might give other countries the false impression that governments were willing to bow to pressure to offer lower loan interest rates.

It has also been criticised because it increases the danger that corrupt middlemen might splice "commissions" into the price of a contract.

An OECD official said yesterday there was no principled objection to "cosmetic" interest rates. He noted that several Islamic governments required zero interest rates to conform with Islamic banking laws.

He emphasised nevertheless that the consensus rate would still effectively be charged, even if it were built into the contract price. The cost of such loans would be higher as a result, he said, since banks asked to "cosmeticise" the loan would charge fees for doing so.

China is also at odds with OECD exporters in the telecommunications sector, where it is insisting that projects are not commercially viable in order to qualify for "mixed credits" – cheap loans where commercial credits are mixed with grant aid.

Many OECD governments insist that telecommunications projects should be seen as commercially viable. Under the OECD's Helsinki accord, agreed in 1991, aid funds cannot be used to dilute the cost of loans if a project is commercially viable.

The spokesman said the same issue had arisen over contracts in India, and that the power sector was likely to prove as controversial as telecommunications.

A Bank of China official denied in London it was government policy to press for interest rates below the consensus rate. Problems had arisen in part because Chinese importers, ignorant of internationally agreed financing rules, were "looking for bargains". Confusion had also arisen among domestic banks like Industrial and Commercial Bank, Bank of Communications, and Agriculture Bank, which have only recently become involved in international finance.

# AEEU vows to fight drain on subscriptions

By Robert Taylor, Labour Correspondent

BRITAIN'S largest manufacturing union – the AEEU engineering and electrical union – has called a meeting of all its full-time officials to discuss how to minimise the impact of new labour laws. THe union says they will threaten 80 per cent of its annual income.

"The very future of our union is at stake," Mr Gavin Laird, general secretary, said yesterday. "We are about to enter a battle for survival."

The union's fears stem from the provision in the government's Trade Union Reform and Employment Rights Act which says employers cannot deduct union contributions from their employees' wages unless in the past three years those concerned have signed an authorisation to allow this.

The legal threat to the existence of the so-called check-off arrangement could damage further already weakened unions, which receive an estimated 80 per cent of their income from membership subscriptions collected for them by employers. The AEEU, which is meeting on Tuesday, is the first union to mobilise its officials to combat the problem.

"We are bound to lose some members as a result of the new legal provision," said Mr Laird. "We know already of some small engineering companies which have announced they are withdrawing check-off facilities. This new law is designed to emasculate the unions." As much as £20m of the AEEU's annual income derives from the subscriptions collected from 80 per cent of its 800,000 members under the check-off arrangement. The union fears that as there is no legal obligation on employers to operate check-off, some may use the new statutory requirements as an excuse to withdraw the arrangements.

Under the law, workers covered by check-off before August 30 this year are each required to give their specific approval for the arrangement within 12 months. This means every member on check-off must sign the necessary form of authority before August 30 1994. Union officials are allowed to collect the necessary authorisations and give them to the employer. The AEEU will tell its officials at the meeting on Tuesday that it wants the signed forms with employers no later than the end of next June.

An alternative to check-off is for union members to pay subscriptions through direct debit transfer from their bank accounts. At present only 2 per cent of AEEU members do this and Mr Laird wants to raise this figure to 10 per cent.

The other option is to return to the traditional system under which union stewards collect subscriptions at the workplace directly from the members, although Mr Laird says this can be disruptive and inefficient. The Engineering Employers Federation said yesterday it had not offered any advice to its members on what to do about the new law.

# London night flights to be cut

THE NUMBER of night flights at London's three main airports is is to be cut to reduce noise, Lord Caithness, the aviation minister, announced yesterday, Daniel Green writes.

The move was in response to a High Court judgment last month against a plan that could have allowed more night flights using quieter aircraft.

The Department of Transport expects to be able to enact the proposals by Tuesday so airlines can change their timetables for the winter season which starts on October 24.

BAA, which operates Heathrow, Gatwick and Stansted airports, said that the airlines faced "a challenge to change their schedules in time".

British Airways said that the move would also mean more last-minute work at next month's airline scheduling conferences which will prepare the ground for the crowded summer season.

The new rules would mean an average of about 2.5 fewer flights a day arriving at Heathrow in the early morning. This affects principally aircraft coming in from the far east and the west coast of North America.

Although the ceiling on the number of flights is being lowered, the government is retaining a quota system it proposed in January to encourage airlines to fly quieter aircraft.

# 500 jobs to go at Devonport naval dockyard

By David White and Roland Adburgham

PLYMOUTH'S Devonport naval dockyard, which earlier this year won a bitter battle to refit Britain's Trident nuclear submarines, yesterday announced plans to shed 500 jobs.

The reduction, more than a tenth of its workforce, is more severe than was indicated by Mr Malcolm Rifkind, the defence secretary, in June. He predicted that the reorganised naval refitting programme would mean 350 job losses.

Devonport Management (DML), which operates the dockyard, said it hoped to achieve the cut through voluntary redundancies. The reduction, to be carried out in the next six months, will leave a workforce of 4,400, one third of the level in the mid-1980s before the dockyard was placed under private-sector management.

Redundancy payments will be borne by the government, which still owns the dockyard facilities.

DML said the earlier government predictions were based on business forecasts for 2000. The company hoped that the level of employment would be maintained or increased by then, although not necessarily through permanent jobs.

But Mr Bill Goffin, Plymouth district secretary of the AEEU electrical and engineering workers' union, said the latest job losses would not be the last. "You can double that figure over the next six to 12 months," he said.

The announcement from DML came a week after confirmation from Mr Rifkind of the government's decision to concentrate future work on nuclear submarines at Devonport.

This work has been the backbone of business for Devonport and the rival Rosyth yard in Scotland. In compensation, Rosyth is to be allocated more than half the programme of work on navy surface ships. Devonport will have to compete for remaining surface ship work against Rosyth and private-sector shipyards.

Yesterday's announcement, while not unexpected, is a serious blow to the Plymouth area, where the dockyard is easily the biggest employer. Unemployment in the Plymouth travel-to-work area is well above the national average at 12.7 per cent.

Devon County Council said: "When Devonport catches a cold, the whole of Devon sneezes." The decision showed the need for broadening the area's industrial base. "We will being pushing even harder for government and European assistance."

The job cuts partly reflect a dip in DML's commercial business due to the completion of yacht-building contracts.

Turnover in the current financial year to the end of March is expected to be similar to last year's at around £250m.

# Independent raises prices and expands in face of Times cut

By Raymond Snoddy

NEWSPAPER Publishing, owners of The Independent and Independent on Sunday yesterday took the decision to raise its prices in the face of the price-cutting campaign by The Times.

The Independent on Sunday, which is being expanded tomorrow to a four-section paper with colour, will raise its price from 90p to £1.

From Tuesday the daily paper, which will move to two sections with colour, will go from 45p to 50p making it 20p more than The Times.

Mr Patrick Morrissey, the new chief executive of Newspaper Publishing, said that readers were being offered considerable added value.

"We believe our readers will recognise this and will be prepared to pay a realistic price for continuing improvement in quality and the continuing independence of their newspapers," he said.

The Times' 15p price cut has added around 100,000 copies to the previous total of around 360,000.

The official circulation figures for the six months to August show The Independent at 339,602 and The Independent on Sunday at 373,427.

The Newspaper Publishing strategy, complete with price rise, seems to be to try to occupy the slot at the top of the general broadsheet market that it believes is being vacated by The Times.

All efforts at Newspaper Publishing will now be concentrated on the re-launch and a major marketing exercise to try to increase circulation.

A planned re-financing, possibly with the introduction of a new shareholder has in effect been postponed until early next year.

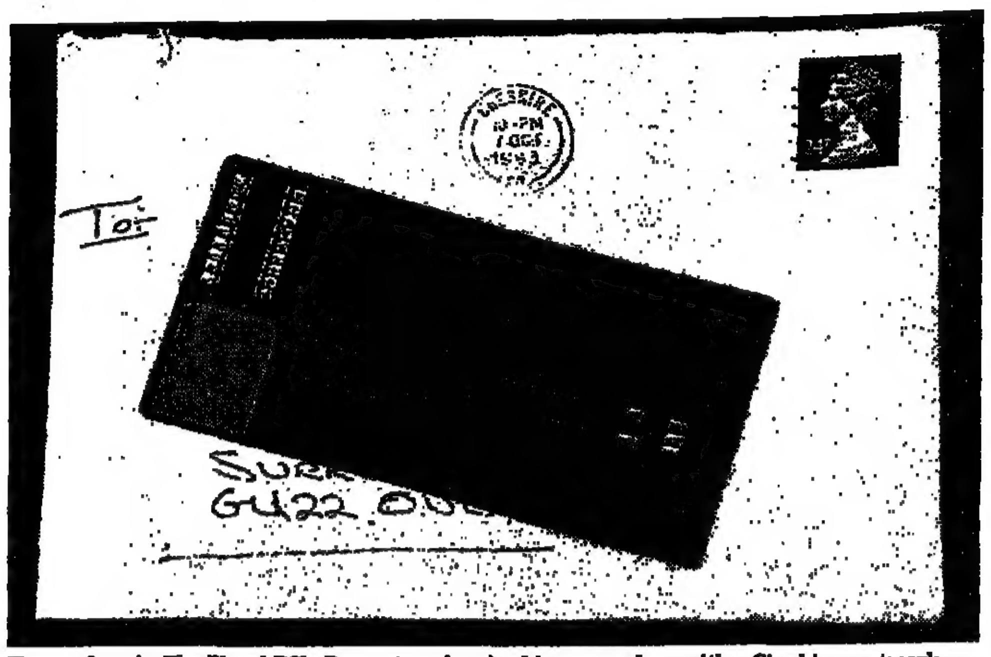
The pressure has been eased because The Independent's circulation has apparently not been hit by The Times. The Independent's sales are slightly up although not by as much as normal in the autumn.

Mr Morrissey, who joined the company at the beginning of this month, wants to see how the business performs this autumn.

There is even a hope that, if the re-launch is a success, significant re-financing can be delayed for some time – as long as the government does not decide to impose value added tax on newspapers in next month's Budget.

# BSkyB card sent from Cheshire

By Richard Donkin and Raymond Snoddy



House of cards: The illegal BSkyB smart card arrived in an envelope with a Cheshire postmark

THE Financial Times yesterday obtained in the UK an unauthorised "smart card" to unscramble British Sky Broadcasting subscription channels such as Sky Movies and Sky Sports.

The card arrived by post, with a Cheshire postmark, from Satellite Decoder Systems of Warrington, a branch of an Irish business run by Mr David Lyons.

The card worked perfectly and produced pictures that were indistinguishable from the "real" thing – except that the pirate card produced the unscrambled pictures more quickly, probably because the authorisation process had been circumvented.

SDS said yesterday, after meeting with trading standards officers in Cheshire, that it would continue to export the cards to the UK from Ireland.

Mr Geoff Holland, Cheshire's principal trading standards officer, said it was illegal to import the cards and that if the importing was done directly by customers they would be breaking the law.

He also made it clear that it was illegal under the 1990 Broadcasting Act to use the unauthorised cards in the UK if, in doing so, the user intended to avoid paying for the channel he was watching. Mr Holland said he would examine the legal position on advertising and suggested that SDS advertisements might breach the advertising code.

Mr Lyons said yesterday that SDS would contest a writ from BSkyB imposing a restraining order on SDS carrying out any activities laid down as illegal under the copyright laws. The satellite company, in which Pearson, publisher of the FT, has a stake, will also seek damages.

Mr Lyons said: "We contest that we have done none of the things they are trying to take action on. All we have done is advertise in the UK."

In the meantime SDS is continuing to challenge the ability of BSkyB's engineers to neutralise its cards. "Sky is running out of things to do," said Mr Lyons. "We know all the information in their chip and if they call their card in we already have the information they will be using on their next card."

The Motion Picture Export Association of America had already drawn up proposals on the growing problem of unauthorised satellite cards across Europe to submit to the European Commission for action.

# Estate agents warn on recovery

RECOVERY in the housing market remains on a knife-edge, estate agents warned yesterday. They urged Mr Kenneth Clarke, the chancellor, to do nothing in his Budget next month which would jeopardise an upturn.

Mr David Goldsworthy, president of the National Association of Estate Agents, said that any plans to cut mortgage tax relief over the short term could have a devastating effect on buyers' confidence.

The association's monthly market trends survey showed that London and East Anglia had fared best last month, with 40 per cent of agents reporting increased business, followed by Wales and the south east. The national average was 22 per cent.

# Farmers pressed to sign milk deals

By Deborah Hargreaves

MILK MARQUE, the successor to the government's compulsory purchasing scheme under the Milk Marketing Board, is putting pressure on farmers to sign supply contracts before the industry becomes a free market in April.

Mr Andrew Dare, chief executive of Milk Marque, sent out contracts to farmers yesterday, calling on them to make a "positive decision".

He said they were "free to sell their milk to whomever they wish", but added that failure to take any action may mean that their milk would not be collected after April.

However, the dairy industry questioned the legality of Mr Dare's contracts as the government has not yet approved plans for the reorganisation of the board into Milk Marque.

Mr Jim McMichael-Phillips, president of the Dairy Trade Federation, said: "I'm terribly uneasy about this and will need to give careful consideration to any legal redress available to member companies."

Mr McMichael-Phillips criticised the government for not ensuring that all milk buyers got off to a fair start in attracting farmers to supply them. Many dairy companies are looking to buy their milk directly from producers.

Mr Dare has said that if the government imposed important changes to the board's reorganisation plan, he would contact farmers who had already signed contracts, asking them if they wished to reconsider.

However, the contracts, which will get to most of the UK's 29,000 dairy farmers on Monday, are legally binding.

If farmers want to leave Milk Marque in the first year, they will have to pay a penalty of 2 per cent of annual milk sales.

Mr Richard Smith, a dairy farmer who heads the Northern Milk Partnership which will buy milk on behalf of Northern Foods, said: "We are being asked to sign a legally-binding contract bearing no reasonable indication of price with an organisation that is totally untried."

# BBC ready to scrap Radio 5

By Raymond Snoddy

THE GOVERNORS of the BBC are set on Monday to approve the creation of a combined news and sports service to replace Radio 5.

The announcement will represent a victory for Radio 4 listeners who have campaigned for more than 18 months to stop the loss of Radio 4's long-wave signal to a 24-hour rolling news service. The original plan would have meant that Radio 4 would only have been carried on FM, depriving listeners in areas of poor FM reception. Those who listen to Radio 4 in continental Europe on long-wave would have lost their service.

The planned service will be very different from the original rolling news plan. In particular there will be no news magazine programmes such as Today from Radio 4.

Instead there will be a very flexible schedule aimed at a younger audience. On the days of major sports events, they will take precedence and when big news stories break they will get most emphasis. The times of news bulletins will be flexible to avoid interrupting the last minutes of a vital game.

The service, which will not be called Radio 5, has already been agreed in principle by the BBC's board of management. It will consider a final version of the plan on Monday morning before a formal recommendation goes before the governors later in the day.

It is believed that Ms Jenny Abramsky, head of BBC radio news and current affairs, will run the station.

At the beginning of this year, senior BBC radio executives were still insisting that it would not be practical to put the news service on Radio 5. Childrens' and schools' programmes now carried on Radio 5 are expected to move to other channels.

The compromise solution on Radio 5 fits in with the recent BBC realisation that it may have been over-serving the articulate middle classes and now plans to offer more to the general audience.

# Acuma confirms sale talks rumour

ACUMA, the UK personal financial consulting and life insurance subsidiary of American Express, said yesterday that it was in talks with another financial services company which could lead to it being sold or forming a strategic alliance.

It added that "no final decisions" had been made. Its statement followed market speculation that it was to be sold to a life insurance company. Acuma, which has 730 employees, has 20,000 clients to whom it offers financial planning advice and sells products from its tied life insurance arm.

# Ford to streamline stock distribution

By Kevin Done, Motor Industry Correspondent

FORD is planning to introduce a new car distribution system in the UK intended to reduce stocks held at dealers' premises and to significantly cut the total number of vehicles in its supply pipeline.

The company is being forced to revamp its distribution methods in order to catch up with radical changes already announced by Rover and Vauxhall in the last 18 months.

Both maintain that the changes will save them and their dealers tens of millions of pounds a year. Ford said yesterday that it planned to introduce a pilot scheme during the first half of next year.

The Ford system is expected to follow the Rover and Vauxhall patterns, whereby dealers will draw their cars from a network of large regional storage facilities, each linked strategically to either a Ford assembly plant in the UK or, in the case of imported vehicles, to their port of entry.

More than half of all new cars sold by some leading carmakers are transferred between dealerships to satisfy customer orders, rather than going directly to the dealer.

Traditionally main dealers have had to hold six weeks or more of stocks.

# Strike ballot at Thames Water

WORKERS at Thames Water are to be balloted on strike action in protest at a 1.9 per cent pay offer which the company has said it will impose after being overwhelmingly rejected.

Five unions representing 7,000 craft and manual workers and staff put in a claim for a 6 per cent rise after Thames announced annual profits of £251m.

# Two linked to Belling loss charged with £4.9m fraud

By Peggy Hollinger

Charles Deacon: remanded on conditional bail of £125,000

TWO MEN LINKED to the loss of £2.3m from the pension fund of Belling, the cooker manufacturer which collapsed last year, have been charged with defrauding companies and private individuals in Britain and abroad of a total £4.9m.

Mr Charles Deacon, a solicitor based in Newcastle-under-Lyme, and Mr Keith Fuller, a business consultant, were yesterday remanded on conditional bail of £125,000 and £100,000 respectively and are due to reappear in court on Friday. The bail, subject to suitable sureties, was granted at Stafford High Court late yesterday following an appeal against the original magistrates' decision to remand the men in custody.

The two have been jointly charged with four offences dating back to 1986: obtaining \$3.5m (£2.3m) by deception from Belling, similarly, £1.2m from Kristen Nielsen of Denmark, cash and property worth £880,000 from Bratsklpk of Russia, and £575,000 from Arbuthnot Leasing International.

Three of the four charges state that money was obtained by falsely representing that a fee was an advance payment for a larger loan. They further state that the pair falsely represented that the advance would be held by Mr Deacon's company until credit arrangements had been made.

Two years ago Belling sought to arrange a \$50m capital injection through a company called Global Prospect Funding, where Mr Deacon was a director. In advance of the deal, Belling paid £2.1m as the first year's interest. The company borrowed the money from the pension fund to pay the fee, but the loan never materialised.

# BNF cleared of blame in child leukaemia case

By John Mason, Law Courts Correspondent

BRITISH Nuclear Fuels was cleared by the High Court yesterday of allegations that radiation from its Sellafield reprocessing plant had caused leukaemia in children.

Rejecting damages claims brought on behalf of two children of former Sellafield workers, the judge said that it had not been proved that childhood leukaemia was linked with possible genetic damage caused by the irradiation of their fathers' reproductive organs.

An independent study claiming such a link, upon which the legal cases were based, was unsupported by other evidence and contained shortcomings which reduced the confidence which could be placed in it, Mr Justice French said.

The cases were brought by Mrs Elizabeth Reay, whose daughter died of leukaemia in 1962, and Miss Vivien Hope, who contracted non-Hodgkin's lymphona.

They claimed that a study carried out by Professor Martin Gardner, an academic medical statistician, had demonstrated a causal link between the diseases and mutations in fathers' sperm caused by the radiation from Sellafield.

However, Mr Justice French accepted arguments by lawyers for BNF that the report was flawed and unsupported by other scientific research.

Mr Alvin Shuttleworth of BNF said afterwards that the company was pleased with the judgment but had great sympathy with the families.

The cases were the first in which a court had been asked to rule on personal injury claims based on alleged genetic damage. It was seen as a test case for up to 40 other potential claims against BNF.

# Acas talks in Tube dispute

EFFORTS TO avert possible strikes next month by 10,000 staff on London Underground begin on Monday when RMT, the rail union, is to hold talks with Acas, the conciliation service.

The dispute is over London Transport's decision to fire two RMT members on the Central line for indiscipline. The members were later rehired for different jobs.

The union held a strike on the Central line on Thursday and is planning two more one-day strikes on October 14 and 21. A strike ballot of all underground members is also to be held.

# EC aid may jeopardise established grants, MEP warns

By Chris Tighe

A LEADING MEP yesterday warned that the government has put European grants to older areas of industrial decline in jeopardy by also seeking grants for places such as Brighton, Bristol and Edinburgh.

Mr Wayne David, Labour MEP for South Wales and vice chairman of the European parliament's regional policy committee, said he feared Britain's traditional industrial areas could lose out under the government's "Objective 2" area submission, sent recently to the European Commission, and due to be published on Monday.

Inclusion on the map, which covers areas of industrial decline, gives access to very substantial grants from the European regional development fund and the European social fund. Between 1989-93, parts of Britain that qualified for Objective 2 grants received a total of £2.39bn, 38 per cent of the European Community total.

Mr David claimed that the present UK submission included Brighton, Southend, Portsmouth, Weymouth, Bristol, Edinburgh, parts of inner London, and also Gibraltar, as well as areas such as north-east and north-west England, central Scotland, the west Midlands and south Wales. At present, nowhere in the south of England qualifies for Objective 2 grants.

A new map is now being produced, to take effect from January. It will cover no more than 15 per cent of the EC population, but Mr David said member states' submissions total 22 per cent. The map covers just over 16 per cent at the moment.

He said: "It means the traditional industrial areas are effectively competing with these new areas the government has submitted. Some of these new areas have very real problems, that has to be recognised, but I don't believe they should be helped at the expense of the older areas. I fear that will happen."

The EC has allocated a total of £10.7bn for Objective 2 grants between 1994 and 1999. The grants cover up to 50 per cent of the cost of projects to assist economic and social regeneration.

The Department of Trade and Industry received hundreds of representations from areas anxious to retain, or gain, Objective 2 status.

The places concerning Mr David are not on the government's assisted areas map, which determines eligibility for UK government aid.

EC criteria for Objective 2 status include unemployment, falls in industrial employment and substantial recent or threatened job losses.

It is believed that more UK places have been submitted than are expected to qualify. The DTI refused to confirm Mr David's information but said: "The commission will choose what areas stay on the list and what areas have to be knocked off."

The EC is also redrawing its Objective 5b map, covering rural areas experiencing transitional problems.

# £5m coalfield plan

A £5m investment in new business premises in Seaham, County Durham, and Ashington, Northumberland, was announced yesterday by British Coal Enterprise, the coalfield regeneration agency.

Even when your company is doing well, it's often quite hard to assess the contribution made by the people in the IT department.

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*Outsourcing means that your IT staff leave your company. But only to become part of ours.*

NEWS: UK

# Ministers may cut cash for Crossrail

By David Owen

THE GOVERNMENT may scrap plans to make an upfront contribution to the cost of the £2bn Crossrail transport project for London. This comes as part of its drive to meet public spending targets for the next three years.

Ministers are considering instead asking private investors to fund the entire cost of the scheme to build two tunnels under central London, while agreeing to subsidise the project once it is up and running.

The move would have obvious attractions for the Treasury because it would defer the time when public funds needed to be earmarked for the project until later in the decade and help to resolve the fierce cabinet struggle raging over departmental budgets.

Under the present plans, £65m of public money would be allocated to Crossrail in 1995-96, with a further – as yet unspecified but probably larger – amount required for the period 1996-97.

This is the year that is currently provoking some of the most intense wrangling between ministers with the gap between Whitehall spending bids and the agreed targets proving impossible to bridge.

Ministers had been anticipating a public contribution to Crossrail of between £800m and £1.2bn. This would have left up to 60 per cent of funding to be raised from the private sector.

In July, the government announced that another transport project – the £300m resignalling of the busy London Euston to Glasgow railway line – was to be funded and carried out by the private sector.

There has been mounting criticism of the government's progress in its attempts to involve private-sector finance in public-sector infrastructure projects.

Some private companies and critics in government spending departments say that the private-sector initiative has become an excuse for delaying projects such as Crossrail.

Crossrail would enable passengers travelling on suburban trains into British Rail's Paddington and Liverpool Street stations to reach the West End and the City without having to change to the Underground system.

The scheme is thought to be at least a year away from full clearance, following the second reading of the parliamentary bill needed for it to go ahead in June.

*Mr Steven Norris*, transport minister for London, said in June that the government wanted the private sector 'fundamentally' involved in Crossrail.

# Long-term unemployed '52% of Ulster jobless'

By Emma Tucker, Economics Staff

UNEMPLOYMENT in Northern Ireland still outstrips the rate in mainland UK, with 52 per cent of the unemployed out of work for more than a year, an advisory body said yesterday.

The Northern Ireland Economic Council says in its annual report that unemployment in Ulster, at just over 14 per cent, is lower than a year ago. But it is still substantially higher than the UK average of 10.4 per cent. Output per head is only 77 per cent of the UK average, it adds.

Far-reaching structural adjustment would be required to close the gap in living standards between the province and the rest of the UK, it says. Although the economy has performed comparatively well over the last year relative to the UK, unprecedented growth rates would be needed to bring it up to mainland UK standards within the next decade.

To help eradicate structural weakness in the economy, the council recommends increasing industrial research and development undertaken locally and improving the proficiency of the local workforce.

It says that long-term unemployment is the most severe manifestation of weakness, and suggests that resolving the problem should be at the forefront of decisions on how to spend structural funds from the European Community.

The council recommends that reducing long-term unemployment should form the basis for the community support framework for 1994-99, which states how EC structural funds are to be spent.

The outlook for Northern Ireland is "uncertain", it says.

*Annual Report. Northern Ireland Economic Council, Bulloch House, 2 Linenhall Street, Belfast BT3 8BA. Free.*

# Tube map reaches final destination

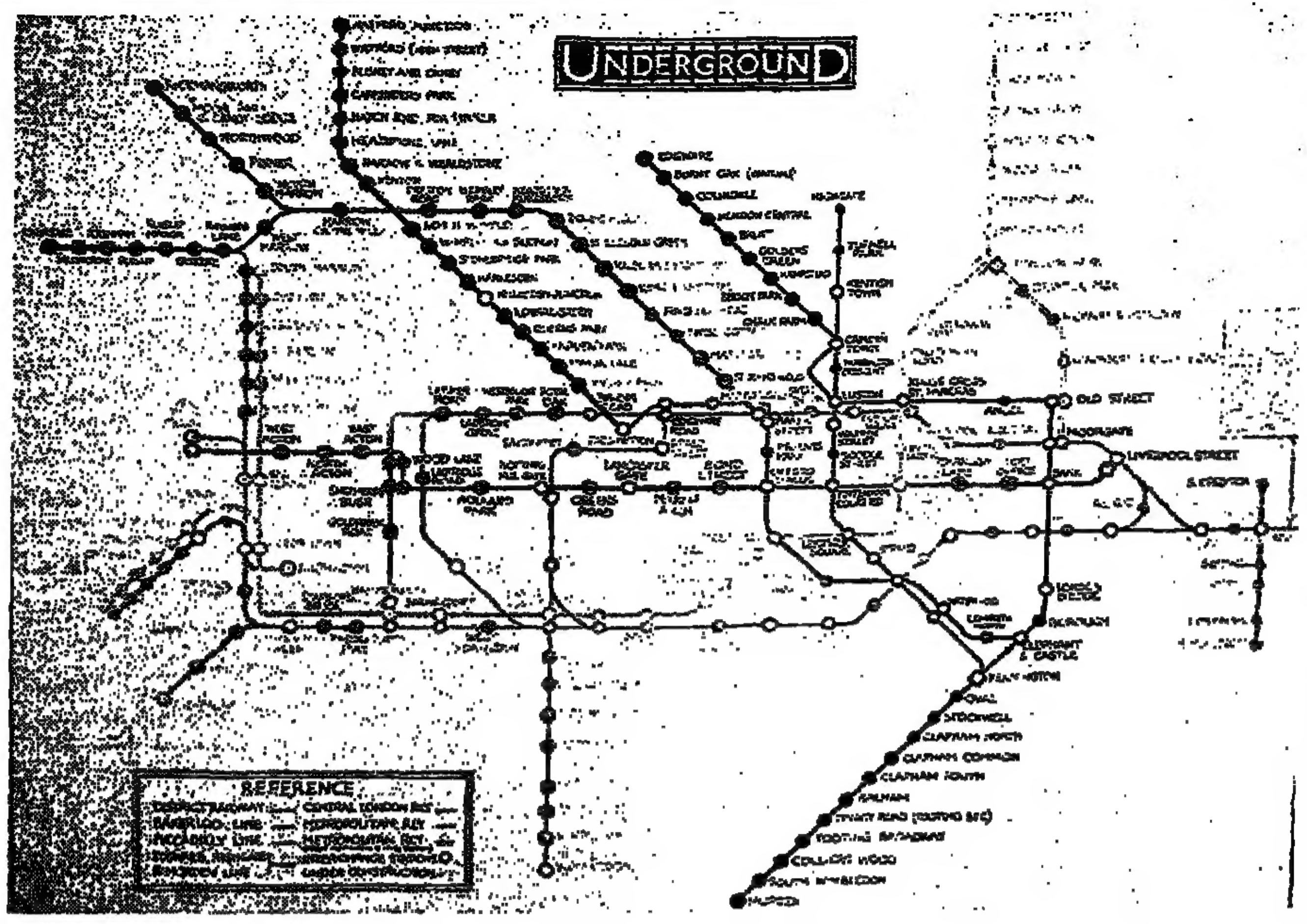
By Rachel Johnson

THE TUBE map drawn by hand in the 1930s from which today's map was developed was yesterday donated to the London Transport Museum in Covent Garden.

The map, a design classic, has been copied by transport systems from Paris to Tokyo. It will be on display at the museum from December 15.

Mr Harry Beck's schematic 1931 drawing, now displayed in 1,037 sites in London alone, replaced a series of complicated geographical maps. It set a standard for style and clarity which other transport systems have sought to match.

The museum is particularly pleased with the acquisition because Mr Beck had a "difference of opinion" with London Transport and left the original to his wife – who in turn left it to a friend who was persuaded to part with it.



*Picture: Trevor Humphries*

# Disclosure by late payers demanded

By James Buxton, Scottish Correspondent

A LEADING Scottish banker yesterday said companies should be required to state in their annual accounts the average amount of time they took to pay their suppliers.

Mr Bruce Pattullo, governor and chief executive of Bank of Scotland, said this would help reduce late payment of bills, which causes serious difficulties for small companies.

The time taken to pay bills would have to be confirmed by company auditors.

He said 29 per cent of the total assets of smaller manufacturing companies were accounted for by trade debts. Earlier payment would free companies' cash flow for investment or expansion.

Addressing the Scottish Council's international forum at Gleneagles, Mr Pattullo suggested that the problem of trade credit "would disappear overnight" if the government announced that all departments and local authorities would pay their bills in 30 days and that the private sector was expected to follow suit.

This could be accompanied by a media campaign to identify and "attach a stigma to those companies, often well-known names, who continued to be slow payers".

Separately, Mr Pattullo urged the Scottish Office to persuade multinational companies based in Scotland to buy more of their components locally.

He said only 25 per cent of all components used by multinational electronics companies in Scotland were made locally – adding that if the level were raised to 50 per cent it would have a considerable effect on the Scottish economy.

Mr Pattullo said certain companies such as NCR, which makes automated teller machines in Dundee, or IBM, which produces personal computers at Greenock, Strathclyde, had successful programmes to encourage UK and Scottish suppliers.

# Labour council launches partnership with private sector

By Chris Tighe

PRIVATE-sector companies are to be given a central role in formulating the economic development policy and practice of Labour-controlled North Tyneside council under a partnership launched yesterday.

Nearly 40 manufacturing, energy and service-sector companies have agreed to join the North Tyneside Economic Partnership, whose aim is to enhance business success, employment and investment in the borough. As well as influencing council economic strategy, the companies will help it bid for UK and European grants, including funds from the new Urban Regeneration Agency.

Other Labour-controlled councils are seeking more private-sector involvement. Newcastle City Council has established a steering group, involving private companies, to prepare its economic development strategy. The North Tyneside partnership builds on the government's City Challenge concept, in which private-sector involvement was necessary for selection. Partnership members include government departments, academic and training institutions and economic development agencies.

It demonstrates how far North Tyneside Council – once reviled by Conservative ministers as a "far-left" authority – has moved towards a pragmatic approach to its role. Mr John Foster, council executive director, said: "It's a change, but a change people are recognising is necessary and moving the right direction." He hoped it would strengthen North Tyneside's grant bids.

Mr Ralph Iley, the partnership chairman, is a former managing director of the Cookson Group. He said businesses which argued they lacked the time to get involved were short-sighted. "If you want good people, good services, you have to have a good area," he said. "Good staff aren't going to move to an area which is broken down."

● The Insurance Service, part of the Royal Insurance Group, yesterday announced that it basing its second regional service centre at the Doxford International Business Park in Sunderland, Tyne and Wear.

The centre, to begin operating in the new year, is expected to employ 100 staff by the end of next year, rising ultimately to 350, all full-time.

The Insurance Service, a direct, telephone-based insurer, is based in Bristol, where it has its first service centre. The new Sunderland site will deal with new business, policy maintenance and country-wide claims.

Sunderland won the investment against competition from Peterborough and the West Midlands. Mr Richard Hill, managing director of The Insurance Service, said the financial package available at Doxford was a key factor.

# Major stresses Tory commitment to Ulster

By Alison Smith and Tim Coone

MR JOHN MAJOR yesterday cemented his party's understanding with the Ulster unionists by re-emphasising the government's commitment to keeping Northern Ireland in the United Kingdom.

His unequivocal statement came against a background of continuing uncertainty about the prospects for round-table talks on the future of Northern Ireland, which have been stalled since last November.

Achieving the continuing support of the nine Ulster unionist MPs at Westminster would double the government's paper majority of just 17, leaving it much less vulnerable to backbench Tory rebellions on issues such as rail privatisation of the imposition of value added tax on domestic fuel.

"Northern Ireland is part of our democracy," Mr Major said. "We are not going to bargain away the people's democratic rights, in order to appease those who seek to rule by bullet or by bomb."

He was vigorously applauded as he insisted: "No government which I lead will negotiate with those who perpetrate or those who support the use of violence."

Moderate nationalists are uneasy that the government may reward the Ulster unionists for their support on the critical Commons votes on the social chapter in July with changes such as a cross-party Westminster select committee on Northern Ireland.

But the prospects of finding a solution also face other pressures.

The hard-line Democratic Unionist party has ruled out

further participation in the round-table talks process because of the initiative launched last month by Mr John Hume, the leader of the Social Democratic and Labour party, and Mr Gerry Adams, the leader of Sinn Féin. While the British government is doubtful that the Hume-Adams move will produce progress, Dublin seems more warmly disposed towards it.

So long as the round-table talks have a chance of success, British government ministers do not intend to offer any concrete moves to the unionists.

Instead, Mr Major hopes to keep the support of the party's MPs by emphasising the government's deep commitment to the Union – both he and Sir Norman Fowler pointedly referred to the Conservative and Unionist party – and contrasting that with Labour's policies.

Yesterday he attacked Mr John Smith, the Labour leader, for allowing Mr Kevin McNamara, the Northern Ireland spokesman, "to plan a united Ireland".

While Mr Ian Paisley, the DUP leader, responded yesterday by accusing Mr Major of "trotting out all the usual Tory platitudes on Northern Ireland", the signs so far are that the Ulster unionists are more amenable to the government's approach.

He said the DUP "will be watching closely" the response of Mr Major and the Northern Ireland secretary Sir Patrick Mayhew to the Hume-Adams initiative which received a warm response in Dublin this week.

Mr James Molyneaux, the Official Unionist party leader, told a fringe meeting this week that he saw no reason to end the life of the current parliament "prematurely".

In Dublin, government reaction was low-key because no shift was detected away from Mr Major's previously stated policy positions.

# Leaders attempt to staunch Euro split

By Kevin Brown, Political Correspondent

CONSERVATIVE leaders yesterday moved to avert a split over next year's European elections by warning that the party risks political suicide unless it buries divisions over the Maastricht treaty.

Mr John Major, the prime minister, Sir Norman Fowler, the party chairman, and Sir Christopher Prout, leader of the Conservative group in the European parliament, all warned that a poor Tory performance would strengthen Labour at Westminster and federalists in Brussels.

The warnings reflect concern that divisions over Maastricht, combined with the government's unpopularity, could lead to substantial opposition gains in the June elections.

The Conservatives lost a third of their European seats at the last election in 1989, and emerged with only 32 of the 78 British mainland seats, compared with 45 won by Labour.

Party leaders fear that up to a quarter of Conservative seats could fall. Defeat on such a scale would seriously damage Mr Major, and could trigger a leadership challenge.

Fears that the elections might turn into a re-run of the Maastricht debate were revived on Thursday when Lord Tebbit, one of the strongest critics of the treaty, said he would decline to campaign for some Conservative candidates.

The leadership hopes to defuse the row by basing the election manifesto on Mr Major's free market vision for Europe, expressed in a recent article in the Economist.

The article, which argued strongly for a revival of national sovereignty within the European Community, has been well received by right wingers, who believe it demonstrates a substantial shift of policy. However, senior ministers acknowledged that the tone of attacks on the EC had risked alienating pro-Europe MPs on the centre and left of the party, who have been loyal to Mr Major so far.

# Hint at continued secrecy on donations

SIR NORMAN FOWLER, the Tory chairman, yesterday gave a strong hint that the party would resist pressure for the identities of its major financial donors to be made public, James Blitz writes.

At the end of the debate on party organisation, Sir Norman rejected any notion of state funding for political parties, saying he would defend the principle that people should be free to give money to political groups if they wished.

"As with charities, if people wish to give money without publicity, their privacy will be respected," he said.

In recent months, the Labour party has campaigned strongly for the identity of donors to party funds to be made public. Labour's calls follow allegations that Mr Asil Nadir, the fugitive businessman, donated some £440,000 to the Tories.

Several speakers in the debate on party organisation also said they were concerned that the party leadership was not giving financial support in retaining party agents in the constituencies.

However, Sir Norman said there had been a drastic reduction in spending, which had been halved from over £12m to £6m a year. "We are spending less now in real terms than at any time since 1979," he said.

## Deregulation wins conference cheers

MR NEIL Hamilton, the minister charged with preventing business being cocooned in red tape from Whitehall and Brussels, won the biggest spontaneous ovation of the conference.

He rounded off a jocular bid for the leadership of the "bastard" faction in the government by ripping up an elongated sheet of detailed regulations.

Unlike the other ministerial "bastards" recently subjected to a prime ministerial rebuke, Mr Hamilton insisted that he was acting with the full approval of Mr John Major.

He confirmed that a substantial deregulation bill would feature in the legislative programme for the new parliamentary session.

## Heseltine set for return to work

MR MICHAEL Heseltine is to return to his office at the Department of Trade and Industry next Wednesday after being assured by his doctors that he requires no further treatment as a result of his summer heart attack.

Mr Heseltine plans to concentrate at first on the department's strategic decisions, delegating less important work to others in his ministerial team. He will also scale back the number of public engagements traditionally undertaken by the secretary of state.

## MPs may observe Russian election

BRITISH Foreign office officials said yesterday that the government would probably send a parliamentary delegation to Russia next month to ensure that the new round of elections to the Russian parliament was conducted fairly.

In his address to conference yesterday, Mr John Major said that Mr Boris Yeltsin, the Russian president, had invited Britain to send delegates to Moscow to act as observers for the elections, due to be held in December. The request came in a telephone conversation between the two leaders on Thursday.

The Foreign Office said yesterday that observers for the forthcoming elections would probably comprise a high-level team from the British parliament, including several MPs. It was unclear whether other countries had received a similar request.

Ashley Ashwood

Tory through and through: education secretary John Patten

# Conference with the fringe on top leaves activists bewildered

IT WAS the noises off that counted. From the stage of Blackpool's Empress Ballroom the party faithful were calmed with populist rhetoric. But it was the hubbub from the wings which told the story of this week's Conservative conference.

The activists arrived bewildered by the government's incompetence, angered by its failure to tackle crime and enraged by the imposition of VAT on domestic fuel. They left with few solid commitments, but half-persuaded at least that their voices had been heard.

They will never cheer Mr John Major with the passion once reserved for Lady Thatcher. But most have decided at last that particular segment of the past cannot be revisited. She stole the headlines this week but not the party. Nor, in spite of the question mark which hangs over Mr Major's leadership, do the activists lust for another execution.

But on the fringe (these days as important at Conservative conferences as it used to be at Labour ones) and in the faded splendour of the Imperial Hotel, it was a different story.

It was here that his colleagues pondered quietly and not-so-quietly whether Mr Major's premiership could be rescued.

**Philip Stephens** on how the week has been dominated by gossip and a very real political vacuum

Here, the right and left claimed to be filling the ideological vacuum at the top. Here were the subtle manouevrings of politicians who are not quite sure if, and until when, their leader would survive.

The conventional wisdom was that the right wing won the day. The broadest smiles were on the faces of Mr Michael Portillo, Mr Michael Howard and Mr Peter Lilley. The "bastards" appeared to exult in the label pinned on them a few months ago by the prime minister.

They had a point. The perception of most in the cabinet is that on issues such as law and order and family values a much tougher stance catches the public mood. Bashing Brussels provided an easy safety valve for the party's depression.

But the shift should not be exaggerated.

The Tory party at conference is always well to the right of its own government. With one or two notable exceptions, ministers – and Mr Major – prefer to pander to their supporters than to forgo that precious conference ovation.

But this is still a centrist Conservative government. Mr Douglas Hurd has not been transformed into a Euro-sceptic nor Mr Kenneth Clarke into a free-market ideologue. In spite of his unexpectedly cheap jibes at the bureaucrats of Brussels, Mr David Hunt remains an apostle of the social market.

Mr Hurd, one of the few in the government able to lead rather than be led by the Tory party faithful, offered an eloquent critique of the Maoist revolution sought by some of his rightwing colleagues. Mr Major is still not "one of us".

The alternative ideologies presented on the fringe – Mr Portillo offered the most convincing from the right – and the gossip at the glittering parties hosted by Lord Archer did however reveal the vacuum.

Mr Major's call for a return to the values of the 1950s will not fill it. Village greens, warm beer and neat rows of terraces appeal to the sentimentality of the Conservative party.

Yesterday's speech was the one that Tory prime ministers make when they are in trouble. Lady Thatcher made one like it in the late 1980s. But none of his colleagues were pretending it was a prescription for purposeful government.

For a range of reasons there is no enthusiasm in the cabinet for a change of leader. The "bastards" do not yet have a credible candidate. Mr Clarke is not at all convinced that the party would service another assassination. Many hope genuinely that Mr Major will rebuild his authority.

But no-one is sure. His friends are impatient with Mr Major's failure to mobilise the power of the premiership. His enemies are prepared to give him only conditional support. They will not push him under Westminster's No 11 bus, but they are far from certain it will not knock him down anyway.

This week Mr Major won some time. It is possible that the history books will record it as a turning point. But possible is the operative word.

The next few months, in the phrase of one senior minister, will be a "bloody winter". Mr Major has cemented the alliance with the Ulster Unionists which might double his Commons majority on issues of confidence. But ministers are filled with foreboding that the habit of rebellion has become deeply ingrained on the Tory backbenches. The Budget will provide plenty of excuses for disloyalty. So too will the British Rail privatisation and the European elections.

The prime minister has won a breathing space. He cannot afford to waste it.

# Strained fireside chat delivers a glow of unity

By Kevin Brown

IT WAS probably the most stage-managed speech in British political history. To the detached observer, it looked strained, cynical, and deeply un-British. But it worked.

After four days of synthetic platform unity, the party finally screwed up its courage and discovered the real thing, or at least a plausible imitation.

The prime minister promised a fresh approach, and he delivered it. Gone was the autocue he has used in previous conferences, and with it the worst excesses of the Dalek delivery.

Instead Mr Major relied on a mix of notes and memory. There wasn't much spontaneity, and when there was, he overdid it.

It sounded more like a fireside chat than a rousing oration. If it was the speech of his life, that was only because of the poverty of his previous efforts.

But none of that matters much. Mr Major wasn't trying to win an Oscar, or to impress the intelligentsia, which he knows will sneer at his back-to-the-future message.

He set out to assuage the worries of the Conservative heartlands, and he succeeded by pressing the right buttons – rising crime, bad schools, national pride.

Conservative leaders always promise a return to greatness. But Mr Major went further, specifically praising the values of the 1950s and ridiculing "fashionable" theories on housing, crime and the family.

The message was in the language, and it was perfectly tailored to his audience.

His critics call him weak, so he warned the French to get their tractors off our lawn.

They say he cuts a poor figure on the world stage, so he talked about his telephone call from Boris Yeltsin.

There were some good jokes, courtesy of Sir Ronald Millar, playwright and former speechwriter for Lady Thatcher, for whom he penned the line "the lady's not for turning".

For Mr Major, the best he could come up with was a joke about bookshops selling "memoirs to the right of me, memoirs to the left of me".

If the speech lacked a big idea, blame Sarah Hogg and Nick True from the Downing Street policy unit. But it could have been worse.

Mr True, an Oxford chum of Michael Portillo, was responsible for last year's impassioned call for more toilets on motorways. Saving post offices will play better than that.

It all added up to a 12-minute ovation, triggered by a video clip of last year's ovation, and helped by the inevitable Elgar and a free red ensign for every representative, courtesy of the British Chamber of Shipping.

The applause was passionate, and it was genuine. The party had found its voice, and it didn't want to stop. If it looked more like the Republicans in Boston than the Conservatives in Blackpool, they didn't care. But for those who were only watching, it left a bad taste in the mouth.

# Mixed views in Bridgwater as Lib Dems wait to pounce

**Roland Adburgham** revisits the FT's panel of voters in Somerset

THE OVATION given to Mr John Major yesterday found an echo in at least one corner of Somerset's Bridgwater constituency, where a small panel of voters selected by the FT has sat in judgment on all three of the party conferences.

"It was an excellent speech," said Mrs Beatrice Forber, a Tory supporter who admits she has been unhappy about the party in the past year. "He is suddenly coming into his own. I feel that the shadow of Thatcher has faded and she will now go where she belongs – into the history books."

The panel, however, was sharply polarised by the conference. Mrs Forber considered it would "steady the boat" and be "tremendously helpful" in dissuading Tory supporters from deserting to the Liberal Democrats. Bridgwater is one of four Tory-held seats in Somerset which could be vulnerable to the Liberal Democrats at the next general election.

Others thought rightwing sentiments expressed by some speakers might alienate the uncommitted.

Mr Allan Challenger, a former member of the Labour party, was dismayed by the tone of the conference. "I found the discussions on law and order and single parents putrid in terms of their prejudice," he said. "I fear that the right is gaining dominance in the Tory party at the moment."

He thought the conference might backfire on Tory attempts to spike Liberal Democrat guns. "Some of the language used has been so extreme that people with misgivings about what the Tories have done to the social fabric would be rather alarmed."

Mr Hugh Barran, a solicitor and Liberal Democrat supporter, agreed. The conference made the Tories appear "less attractive, more doctrinaire and less sympathetic". They needed a sense of balance on issues such as single parents. "Any system of benefits has some room for abuse. But the right appear to be taking it out on some people who are not capable of looking after themselves properly."

Mr Ian Weston, a Bridgwater businessman, also felt the Tories appeared insensitive, but did not blame Mr Major. "At the moment, he is the only person whom I want to lead the Tory party ... Kenneth Clarke would be disastrous."

The panel agreed that extending value added tax to domestic fuel would continue to damage the Tories. Mr Challenger said: "It is as bad a measure as the poll tax in many ways and as ill-judged. I think they will live to regret it."

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# Hoping for the best

"AS A CONSERVATIVE chancellor I simply cannot accept that a government should be borrowing £1 for every £6 that it spends." These were brave words from Mr Kenneth Clarke at the Conservative party conference this week. The question is not just whether he will try to do much about it, but whether he will be allowed to by his party.

What Mr Clarke should do is clear: he should eschew fiscal fine-tuning and deliver a medium-term fiscal profile that is credibly sustainable. In other words, it should look sustainable, even if everything does not turn out as Mr Clarke and his colleagues hope. Given the political timetable, most, if not all, of the fiscal adjustment should be made now. Then, with a sound fiscal position behind him, Mr Clarke could, if necessary, use monetary policy aggressively to encourage a growth of nominal demand consistent with low inflation and sustained economic growth.

There are two good reasons for avoiding fiscal fine-tuning: the first is that there is little evidence that it works. The second is that the timing of the new unified Budget rules it out in any case. A November Budget is too early to make sensitive judgments about likely economic performance in the next financial year, which begins only in April 1994. But this is not a problem. It should be regarded as a blessing, instead.

In making his decisions, the chancellor does at least have the luxury of a fairly satisfactory short-term position. The consensus of forecasters is that the economy will expand by about 1.6 per cent between 1992 and 1993. For next year the consensus forecast is close to 3 per cent. Even inflation is expected to remain just below the government's ceiling of 4 per cent in the year to the fourth quarter of 1994.

## Crowd out

So far, so comfortable. The question is whether this growth can be sustained. Fiscal deficits do matter in this context, principally to the extent that they crowd out investment or are seen to threaten a rise in inflation. At present, crowding out is not a problem. But medium-term sustainability is. Last March, Mr Norman Lamont introduced a phased fiscal adjustment of £10.3bn (1.4 per cent of gross domestic product) by 1995-96. Even so the public sector borrowing requirement was forecast at 3¾ per cent of GDP in 1997-98, on fairly conservative assumptions about economic growth, while the ratio of net public sector debt to GDP was forecast to double between 1991 and 1998. This is not demonstrably unsustainable, but it leaves too many hostages to fortune.

The further adjustment of £4bn-£6bn (½-¾ per cent of GDP) being discussed by ministers is probably the minimum that is needed. To be safe, it needs to be more. The problem is that the numbers for the deficit have become too large to be politically manageable, particularly by a fractious party, possessed of a small parliamentary majority and led by an unpopular prime minister subject to constant attacks from embittered former ministers.

One wing of the party insists that cuts should fall on spending. Next year's control total (public spending less the cyclical elements) of £253.6bn, should not, says Mr Lamont, the man who agreed it, remain sacrosanct. In response, Mr Clarke says that this is already the toughest spending round he can remember in "14 years as a minister".

## Radical cuts

Who is right? Both of them are. Mr Lamont is right that spending plans cannot remain sacrosanct if further tax increases are to be avoided. Mr Clarke is right that what is likely to be virtually no real increase in the control total is tight, at least by the sloppy standards of the last few years. If the chancellor wishes to prove his case, he need only point out that he, Mr Kenneth "one-nation-Tory" Clarke, is demanding radical cuts in welfare benefits, while Mr Peter "no-turning-back" Lilley is refusing them. Even Lady Thatcher herself is insisting that defence spending must be spared. Radical public spending cuts are just not going to happen.

If spending cuts are difficult, tax increases look still less acceptable, particularly economically sensible ones, such as extension of VAT. VAT on fuel and power is only going to raise £2.3bn in 1995-96, a mere 5 per cent of the projected PSBR. But just listen to the fuss. Meanwhile, nobody in the Tory party is complaining much about the economically inefficient and regressive proposal to increase national insurance contributions, which is expected to raise almost exactly as much. Yet the deficit cannot be closed by loading taxes more heavily on people who do not vote Tory, for the simple reason that the party gains support from most of the people who have an appreciable taxable income.

If neither radical spending cuts nor radical tax increases occur, the government is reduced to hoping for the best. Some commentators even think this is the ideal solution, so long as a dollop of cheap money is thrown in as well. It is certainly the comfortable solution. But those who rely on good luck are usually disappointed in the end.

The odds on John Major's survival have shifted this week from a whisker against to a whisker in his favour, says **Joe Rogaly**

# Iron enters his soul


Ashley Ashwood
*Salaam Blackpool: John Major acknowledges the applause at the end of his speech to Conservatives yesterday*

Mr John Major's address to the Conservative party conference in Blackpool yesterday was the most effective he has delivered to such a large audience since he became prime minister. He appeared relaxed, in control. His jokes worked, or at any rate some of them did. He asserted an air of authority. He maintained his dignity. He allowed himself the expression of some passion, and professed strongly held convictions. He came across less as the stilted puppet embarrassing us all with talks of motorway cones, which he did in October 1992, and more as what he is in reality: an ordinary yet ambitious man doing his personal best in extraordinary circumstances.

The content was another matter. Mr Major pandered to the longing of his audience, particularly the elderly among them, for a return to a golden age there probably never was: one in which rows of obedient schoolchildren sat at their desks and did simple pencil and paper tests, the streets were free of crime, miscreants were severely punished, the church was respected, grandparents were held in high regard, and pornography was unheard-of.

The ancient enemies – trade unionism and socialism – having faded, replacement enemies have been disinterred. Many a conference speech this week centred on the trendy liberals of the permissive 1960s. Mr Major gave the untrendy conservatives of the 1990s what they say they want. This might strike a chord with voters who feel disoriented by the atomisation of society. It is a huge irony. The contribution of Tory policy to that atomisation, to the widespread alienation of individuals from their communities, was not touched upon. The 1980s were somehow missed out. Yet the question asks itself: if crime is rampant, the budget deficit is out of control, illiterates are being produced by our schools, and revered institutions (such as the monarchy) are challenged, then who has been in charge while all this has been happening?

The prime minister did not go into that. The essence of his "back to basics" theme was expressed by the education secretary, Mr John Patten, on Wednesday. Parents must provide a caring and disciplined home environment, said Mr Patten. "And we should not be afraid to say so – even if we are accused of wanting to turn the clock back. As Conservatives, we should be proud of wanting to do just that..."

Mr Major clearly longs to turn the clock back – to an age in which prime ministers were not vilified. He may have moved nearer to that objective yesterday. Last year he repeated the words "Britain" and "British" in a disastrous speech that did nothing to enhance his stature. This time he used the Union Jack as a stage backdrop to his nationalism. Propped up by the flag, he told the French to get their tractors off our lawn. He spoke with precision. His thoughts were well-ordered. There may be more to him than has so far met the eye. He is plainly capable of learning from past errors.

The broad strategy for the resuscitation of his prime ministership is now clear. Every effort will be made to restore the public's confidence in the Tories as the party of sound money, the nation state, law and order, and a rigorous education. The Conservatives will be unashamed promoters of business, big and small. As to Europe, the prime minister will stand on his soapbox and campaign against federalism, just as in last year's election he campaigned successfully against proportional representation and a Scottish regional assembly. These were enemies of the British polity, to be voted down. When he is whistling Rule Britannia, the picture of the Union Jack behind him almost flutters.

Mr Major's performance may serve to silence some of his detractors. It is not obvious that it was enough to save his job. Before he spoke, you had to search for a long time in Blackpool to track down one of the rarest specimens in contemporary British politics: the Conservative who has complete confidence in his party's leader. It was especially difficult to find any minister whose private view was that the party is well-led. It did not matter whether the question was "do you think he should resign?" or "would it make a difference if the government was led by someone else?" or "will he be forced out?". Nor did it matter whether the answer to all or any of these questions was "no".

The message was conveyed in other ways, by a hesitance before replying, by a discursive response, by body language, by a shiftiness of the eyes. There are a few exceptions – Mrs Virginia Bottomley is one – but in the opinion of many of his close colleagues, the prime minister has used up all but one or two of his nine lives. "He should deploy the powers of his position," said one member of the cabinet. "He must learn to convey a sense of direction," said another. "He lacks ideology," complained a third."

Yesterday he attempted, with some success, to show that he is capable of meeting all three of those tests. He was less the glad-handing Midwestern politician, more the occupant of Number 10 Downing Street. "Who would have thought it?" he mused in November 1990, on finding himself prime minister. Latterly he has taken to receiving visitors alone in the cabinet room, seated centre-table. Some of the aura of office has at last begun to enter his soul.

**The contribution of Tory policy to the widespread alienation of individuals from their communities was not touched upon**

The government's survival tactics for the next few months will be dictated by the parliamentary arithmetic as calculated by Mr Richard Ryder, the chief whip. To take a celebrated example, the final shape of rail privatisation will be determined by the best package that can be negotiated with a handful of potential backbench dissenters. Again, the biggest parliamentary hurdle ahead is the Budget and spending package due at the end of next month.

Mr Kenneth Clarke will not be easily intimidated by the prospect of backbench revolts. In happier times the chancellor would have had no need to be. Perhaps he has none now. Even the most egotistical and self-opiniated Tory rebel may be expected to pause before voting down her or his own government's finance bill, whatever it contains. Yesterday's appeal for unity by Mr Major may reduce the number of renegades.

There could, however, be defeats on details during the committee stages. Mr Clarke has sensitive political antennae. He will know without being told what would be too provocative to be assured of a safe parliamentary passage. The imposition of an 8 per cent value added tax on domestic fuel from next April and more than twice that from April 1995 is already legislated for, although Labour may seek a procedural means of reopening the question. Doubling up and taking the whole 17½ per cent hit in 1994, which is one of Mr Clarke's options, would do the job for the opposition.

Assuming that November passes safely by, the next determinant of Mr Major's fate will be the judgment of the electorate in by-elections, May's local elections and the elections to the European parliament in June. If these are not the total routs suggested by the current state of voter discontent with the government, the prime minister may regard the battle for the restoration of his authority as half-won. In such circumstances he would doubtless reshuffle his cabinet in July. That would be an opportunity to promote some young bright stars, such as Mr Stephen Dorrell, and to spring a surprise, such as appointing Lord Archer chairman of the Conservative party.

The latter is not the darling of the chattering classes, but he could be a skilful street-fighter. He has been weight-training for the job for at least seven years. His speech on Wednesday was electrifying; it was noted, with a wry comment, by Mr Major yesterday. Jeffrey Archer would bring a Hailsham bell-ringing approach to the next general election. The existing chairman, Sir Norman Fowler, could be moved to education. He knows how to run a department. Mr Patten, the present incumbent, has yet to learn to do so.

What is going on? Here I am talking about budgets, long-range election planning, cabinet reshuffles in midsummer next year, all as if Mr Major and his government have a comfortable period of office ahead of them. Is this not the clutch of half-competents that has been enduring the derision of the country for the past year? Is this not the prime minister of whom the first question on everyone's lips is: "How much longer has he got?"

It is them, the very same. One more mishap, one further pratfall, and they, plus their leader, will yet again be clinging to office by their fingertips. But the season of political conferences has changed the script. It has shown that the Labour party is not easily reformed. The fragility of the Liberal Democrats' resurgence is now well understood, although, if the vehemence of the attacks on the Lib Dems this week is anything to go by, Mr Paddy Ashdown and his crew are greatly feared.

Fear can be productive. This week we have seen how Tory minds can be concentrated by the spectre of opposition. The unity demonstrated at the conference is a facade, but so is the unity of all large political parties. The public face is what the public sees. The appearance of determination, or grip, in Mr Major yesterday is something new, but it may develop into something substantial. The Tories' hard line on crime, social security, housing for unmarried mothers, education and Europe may be regarded as a capture of the party by the right, but that is probably in tune with the instincts of most core Conservative voters.

When the economic recovery gets under way, the government will become less unpopular. Mr Major may trumpet, as he did yesterday, the prospect of sustained non-inflationary growth. The odds on his survival, always finely balanced, have shifted from a whisker against to a whisker in his favour.

*MAN IN THE NEWS:* ***Alex Trotman***

# Ford's new model man

It was an occasion rich in symbolism. On Monday some 2,000 employees, dealers and suppliers of Ford Motor, the world's second largest car manufacturer, converged on the company's oldest assembly plant in the Detroit suburb of Dearborn.

There Mr Harold Poling, chairman, drove a red convertible off the assembly line, marking the start of production of a redesigned Mustang – a sporty, moderately priced car which was wildly popular with young Americans when it first rolled out of the same factory 29 years ago. It even inspired the classic 1960s pop hit, "Mustang Sally".

Mr Poling also announced he would retire at the end of the year, naming his successor as English-born Mr Alex Trotman, 60, head of its worldwide car operations, who will be the first chairman of Ford born outside the US.

The pairing of the events is significant, for Mr Trotman played a key role in developing the new Mustang, and in the process displayed many of the qualities which have won him the chairmanship – even though he was considered a rank outsider a few years ago.

In 1990, as head of Ford's North American car operations, he faced a tricky choice: should Ford allow the aged Mustang model to die quietly or spend heavily to update it?

Many senior executives, concerned about costs, leant towards euthanasia. But Mr Trotman argued, successfully, that the car had become a "US icon". It was, he recalls, "unthinkable to me not to have a Mustang".

Ford, often criticised for its relatively slow delivery of new products to market, went on to develop the new car in a record (for it) 36 months and a tight $700m budget.

American consumers have yet to pass judgment on the vehicle, but its development highlights Trotman's strengths. His broad experience in a 38-year career with Ford has given him a keen understanding of what sells, together with the rigour to control costs and product timetables tightly.

This practical experience must have weighed heavily with the board when it chose him over the previous front-runner – the urbane, witty Mr Allan Gilmour, a vice-chairman who had spent most of his career in finance or staff jobs and lacked Mr Trotman's scars from the production trenches.

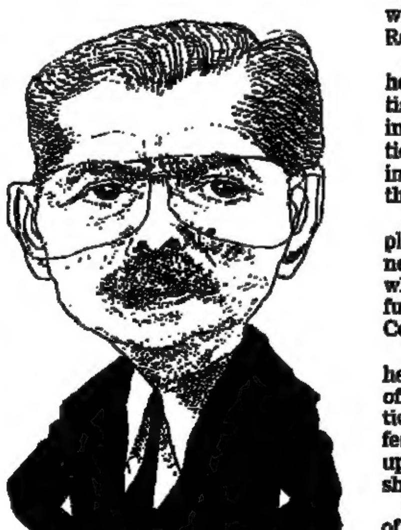
Another factor was Mr Trotman's international experience. He is the only Ford executive to have run all three of its geographical sectors of operation – Asia-Pacific (in 1983-84), Europe (in 1984-89), and North America from 1989, when he steered the business through recession.

"Trotman is a very seasoned international executive which is vital in a top position today," notes Mr David Cole, a car industry expert at the University of Michigan.

Detriot's other two big motor manufacturers, General Motors and Chrysler, have also appointed new chief executives in the past 12 months, both similar to Mr Trotman in their international and production background.

This is a recent shift for Detroit, which used to be run (notably at General Motors) by men from the finance side who knew little of the world beyond America.

Each of the Big Three faces the same basic challenges: a market which is increasingly global and where excess capacity means tight profit margins and success only for those staying close to the consumer, while maintaining the highest quality and tightest costs.



Ford seems the best-placed of the trio, with a slim US workforce and sharply rising market share, thanks to vehicles such as the four-wheel drive Explorer, though it is losing money in Europe.

But Mr Trotman is hardly complacent. "We can do everything better than we do it today," he said this week. With a closely clipped moustache, erect bearing and rather military air, he comes across as a very self-disciplined individual.

"I carry lots of data with me," he says," pulling several sheets of figures from a suit jacket pocket. "Very important data... I can tell you by item the make-up of the $67bn of costs we have in North America. I can tell you what all those items are, how it compares to '92, how we're doing against budget. And I have it in my head how much better are we going to do in 1994."

The son of a carpet layer/upholsterer, he was born in Middlesex, raised in Scotland (he still speaks with a gentle burr) and joined the Royal Air Force after school.

After four years as a navigator, he answered a newspaper job advertisement at Ford's Dagenham, plant in Essex, and learnt about production as a "progress chaser" – making sure parts got from suppliers to the assembly line in time.

His big break came when he played a key role in developing a new car, code-named Archbishop, which became Ford's most successful British car of the 1960s – the Cortina.

In 1969, anxious to get to the US, he pressured a reluctant Ford to offer him a job in Detroit (international staff did not normally transfer to the US ) and rapidly moved up the hierarchy, taking US citizenship along the way.

Colleagues describe him as a man of quiet self-confidence who pursues a goal with intense determination (sometime excessively so) and is willing to take unpopular positions.

He is a strong opponent of elitism and emphasises the importance of communication and teamwork – useful qualities in an industry trying to devolve more responsibility to its workforce and raise quality.

When he became head of US operations he scrapped separate executive dining rooms and a tradition whereby top executives wrote memos on blue paper, while lesser mortals used white.

The University of Michigan's Mr Cole sees his appointment as part of a transition – also evident at Chrysler and GM – away from larger-than-life chief executives (such as Chrysler's recently retired Mr Lee Iacocca) to leaders who have more the qualities of a team coach.

"The top guy has to be someone who can keep a management team working together... that becomes almost the most important criterion," he argues.

It may be a less colourful way of running the industry, but in a complex global market it may well be more efficient.

**Martin Dickson**

# Membership up at reform club

## John Lloyd and Leyla Boulton on Russia's economic prospects

A new wave of economic reform is being planned in Russia. The violent clearing of the ground between President Boris Yeltsin and the Russian parliament which has just been witnessed has – an early judgment would suggest – changed the atmosphere, at least for a while. Conscious that they are working in the shadow of a bloodily suppressed revolt, the reformers are nevertheless determined to take advantage of it to initiate change which has so far eluded them.

Both Mr Boris Fyodorov, the deputy prime minister for finance, and Mr Sergei Vassiliev, head of the government's economic reform centre, agree on this: that the spectacle of tanks battering the White House parliament building produced a sudden spasm of acquiescence among institutions, regional councils and individuals that had previously been more or less strongly opposed to central power.

Mr Fyodorov, his big-cat smile a little broader, says that, when formerly difficult regional and republican leaders come to see him in his ministry now, "we have very pleasant conversations". Mr Vassiliev, working on new plans in the quiet seclusion of the Volynskoye government estate in the Moscow suburbs, says: "Of course we are all shocked. But for ordinary people it is not at all a bad thing to have a strong man in the Kremlin."

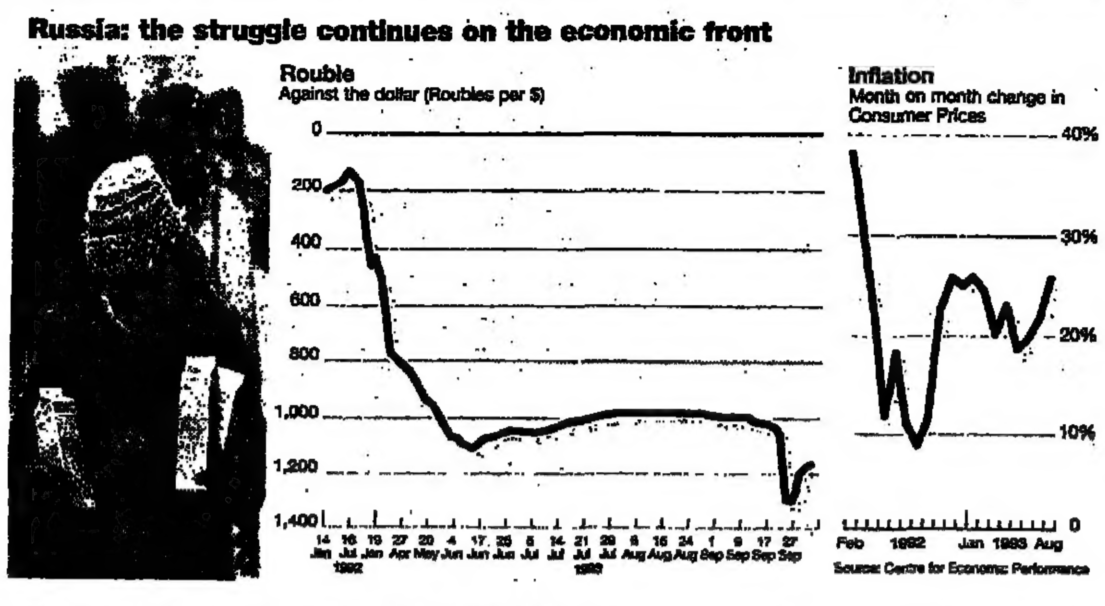
What will the two men do in the period until parliamentary elections, set for December 12? In the short run, not much. Mr Fyodorov says: "My aim is to get through this period with honour" – by which he means that he will constrain the budget within harsh limits and try to stop his colleagues from making too many expensive promises. He intends to cut the budget deficit for the fourth quarter from an estimated Rbs12,700bn to Rbs4,600bn. Now that Mr Yegor Gaidar has been reappointed first deputy premier for the economy, Mr Fyodorov says, his job is much easier, because he no longer gets demands for increased spending from the economics ministry – "instead they put in an estimate of the deficit even lower than mine, at under Rbs4,000bn – but you must be realistic".

Mr Vassiliev says that some liberalisation of prices – in energy and grain – with an opening up of foreign trade, will be possible before the elections. There will also be incentives for house construction and the strengthening of private property rights, as well as "post-privatisation measures" designed to help managers restructure enterprises and run them more efficiently. This, however, does not tackle the central problems.

First, there is the delayed matter of financial stabilisation – a process still being planned, on the assumption that the government returned after the elections will be a radical one. Mr Vassiliev believes that the liberal-conservative electoral bloc, Russia's Choice, which Mr Gaidar put together in his months out of government, will do well. "It is very necessary that we should have a coherent and united government: we don't have it now."

He, with others in the government, believes that the International Monetary Fund must work more closely with the planners on the stabilisation programme than they have. "They must recognise that the ministries have different demands, and must work with them to find out what laws are needed to implement the programme." The various packages the IMF has supported in the past have included a fund of at least $6bn to back the stabilisation of the rouble: the probable aim of the reformers will be to achieve this early next year, perhaps as early as January.

**Russia: the struggle continues on the economic front**



The second large area, on which Mr Fyodorov is working, is to develop a fiscal system that allows the regions and the republics to exercise some real financial autonomy – but that at the same time gives the centre authority. To say that the centre and the regions are at each other's throats on control of resources is an oversimplified picture, based on a few republics' refusal to pay taxes, such as the diamond-rich Sakha (formerly Yakutia), and provinces such as the oil-producing Tyumen. Mr Fyodorov says: "The problem of withholding taxes was exaggerated: when we examined it closely here, it did not seem so bad – they [the regions] remit most of their taxes."

In an average region like Perm in the Urals, with heavy industry, some mineral wealth, and 30 per cent of its working population on the land, there is a recognition that they must work within a rational framework. Mr Viktor Gorbunov, in charge of privatisation in the region, says he cannot get real improvements in the performance of privatised enterprises when inflation is so high – more than 20 per cent in September – and ineffective anti-monopoly legislation fails to promote competition. Above all, he says, "financial policy cannot be decided by the regions".

Mr Fyodorov wants the regions, like federal Länder in Germany and states in the US, to have control of some tax revenue, under ceilings established by government. He must also tackle the critical, but touchy, matter of redistribution – trying to avoid a free-for-all in which the one-third of regions and republics that are rich get richer, leaving the middle one-third to stagnate, and the one-third cursed with obsolescent industries and/or inefficient agriculture to decline further.

"The value added tax will be the basic mechanism for redistribution," says Mr Fyodorov. "We want a single rate to apply all over the country – now the situation is that there are different rates for different regions.

"But we in the centre must stop the system where we intervene everywhere ... In general, people in the regions like the notion of having some fiscal autonomy: they don't quite know what it means but they like it."

Mr Vassiliev says that when, after the collapse of the old centralised system, it became obvious which parts of the country were "profitable" and which were not, "you have a huge problem – how to convince the rich to help the poor. The system must be transparent: perhaps we need a Council for Mutual Economic Assistance [an ironic reference to the Comecon, the former common market for communist states] which really will render mutual assistance."

The political framework will determine everything. The present government remains split – with market reformers like Mr Gaidar and Mr Fyodorov uneasily coexisting with relative conservatives like Mr Viktor Chernomyrdin, the prime minister. While Mr Fyodorov struggles to be rid of Mr Viktor Gerashchenko, chairman of the central bank, Mr Chernomyrdin protects him. Reform under such conditions is possible only in small steps. Says Mr Fyodorov: "The central bank never says no directly: but it delays, and it does not take the measures it should take without being told to."

The elections should make matters clear in two ways. First it will show the inclinations of the new business groups, which will emerge as the main backers of parties and individuals. Mr Vassiliev says the struggle will be between business groups linked to organised crime groups, with an interest in preserving instability, and others seeking a rational and transparent economy.

Second, it will test the will of the country. For while the elections will be chaotic, they will offer candidates that have been identified at federal or regional level with one or other version of reform – or with none. For all the reformers' optimism, the voting intentions of an electorate at once wearied, hard-pressed and volatile cannot be known or even properly estimated.

# Wham! A culture clash

## Michael Skapinker on George Michael's court fight with Sony

Rex

George Michael: if he wins, it will shake up the music industry

London High Court proceedings on competition law and restraint of trade do not usually attract crowds of teenage girls. They are likely to turn up on Monday, however, when hearings begin in the case of Georgios Panayiotou v Sony Music Entertainment.

Mr Panayiotou is better known to his fans as singer George Michael. He is asking the court to declare his contract with Sony void and unenforceable because it represents an unreasonable restraint of trade and is contrary to the Treaty of Rome's competition provisions.

If George Michael wins, he will turn the international music industry upside down. Entertainment industry lawyers say many other disaffected performers will demand the renegotiation of their contracts. Record companies say the cost of producing music could escalate.

Whichever way the case goes, it could cast doubt on the ability of Japanese electronics companies such as Sony to manage the creative talent in the western music and film businesses they have bought in the past few years.

George Michael says his problems began when Sony bought CBS Records in 1988. Before then, he says his years with CBS were creative and productive. When Sony took over, the atmosphere changed.

He adds: "I have seen the great American company that I proudly signed to as a teenager become a small part of the production line for a giant electronics corporation, which, frankly, has no understanding of the creative process.

"With CBS, I felt I was believed in as a long-term artist, whereas Sony appears to see artists as little more than software. Musicians do not come in regimented shapes and sizes but are individuals who change and evolve together with their audiences. Sony obviously views this as a great inconvenience."

George Michael alleges his contract with Sony is unfairly loaded against him. The writ he has issued says Sony is entitled to receive eight albums from him. He has so far delivered two: Faith, and Listen Without Prejudice, Volume I. Given the time taken to record albums, the contract will probably last until 2003. During that period, he is not entitled to record for any other company.

Sony is entitled to ownership and copyright of George Michael's recordings. He, however, has to bear the cost of making them.

Sony has undertaken in the contract to release between three and four singles from each album George Michael delivers in the US and the UK. Sony does not have to release singles in any other country.

The company is under no obligation to release any of George Michael's full albums in any country. He can, however, under certain circumstances bring the contract to an end if Sony does not release one of his albums in the UK. In some other countries, he has the right to ask the company to find a licensee to release albums, but the writ alleges this would be difficult to do. Sony retains copyright over George Michael's recordings even if it does not release them, the writ says.

• The writ says that Sony's right to reject albums "could result in a total sterilisation of the artist's recorded output for a very lengthy period of time, or even for the remainder of his professional career."

The writ alleges the level of royalties paid to George Michael is inequitable. It says the singer has not been able to quantify this exactly, but his lawyers estimate that he received an average 57p an album for his first two releases, while Sony received £1.83.

George Michael also alleges that Sony distributed about 9 per cent of his first two albums free to UK wholesalers and retailers in lieu of price discounts. This meant he received no royalties on these albums.

Sony declined to comment on the case.

A music industry lawyer who has negotiated contracts for recording companies says there is nothing unusual about George Michael's contract. If anything, he says, it is more generous than most, particularly in its royalty provisions.

It is true, he says, that young artists, desperate to have their songs recorded, sometimes conclude unfavourable contracts. "When an artist starts out, he will *pay* a record company to take him on," he says. He adds, however, that, while George Michael signed his original contract when he was a relatively unknown member of the duo Wham, he has been able to renegotiate it several times since he became successful.

Mr Martin Mills, managing director of music company Beggar's Banquet, says that the industry will be less inclined to take a chance on young talent if Sony loses and contracts become more strongly weighted in musicians' favour. Money made from more successful acts is currently used to subsidise untried performers, he says. If George Michael wins, he says, "it would mean artists would have to mortgage their houses to pay for their first recording, instead of the company investing in them".

Nevertheless, artists have in the past persuaded the courts to declare their contracts void. In one case, the Court of Appeal in 1989 allowed Holly Johnson, lead singer of the group Frankie Goes to Hollywood, to escape his contract with a recording company called Zang Tumb Tuum. The court said the contract, lasting eight or nine years, was "grossly one-sided". It was unfair, the court held, for the company to own the copyright to the group's songs while still retaining absolute discretion over whether albums were released or not.

The court rejected the company's argument that the contract was necessary to enable it to invest in groups which might not turn out to be successful.

Some record industry executives believe Sony has nothing to gain from fighting the case. Even if the company wins, they say, it can hardly force George Michael to record albums if he does not want to.

One senior executive said Sony had clearly mishandled its relationship with the performer. He added: "A lot of this business is built on personal relationships. You have to understand that artists are sensitive people who can easily feel rejected, particularly if they are going through a creatively difficult time."

# High on hype

## Paul Abrahams on ethical questions raised by the personality-changing drug Prozac

When a drug becomes the butt of a joke in a Woody Allen film, its manufacturers can be reasonably assured that it has become part of a national culture.

Prozac's mention in Allen's latest comedy, Manhattan Murder Mystery, confirms its status as the most successful psychiatric medicine in the US, overtaking Valium both in terms of the value of sales and as the drug the film world turns to as a symbol of the times.

The spread of the small off-white and green capsules has been debated on prime-time US television shows. Now a book about the impact of the drug on patients' personalities, Listening to Prozac by Dr Peter Kramer, a psychiatrist at Brown University, Rhode Island, has made it on to the New York Times's list of the top 15 non-fiction titles.

The drug's growth has been rapid. Only two years after its launch in 1987 by Eli Lilly, the US pharmaceuticals group, doctors were writing 650,000 new prescriptions a month for Prozac – a rate of growth from launch that drug companies rarely achieve. To date, nearly 4.5m Americans have taken the drug at some time. Elsewhere in the world, another 4m have used it. Global sales totalled $1.1bn last year, making it Eli Lilly's biggest selling product. Prozac was launched in the UK in January 1989, available on prescription, and sales are believed to be growing rapidly although no figures have been released.

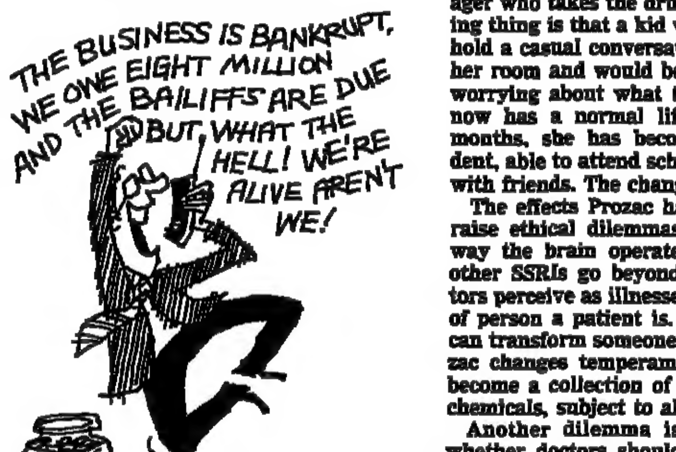
Prozac's success is based not just on its efficacy as an anti-depressant; it is regarded by the medical profession as no more effective than previous generations of such drugs. Nor is it due entirely to its safety record, which is significantly better than its predecessors: allegations by the US Church of Scientology that Prozac was encouraging suicidal tendencies among users were rejected last year by the US Food and Drug Administration.

Prozac's popularity with patients, and the resulting pressure on doctors to prescribe it, is based above all on its apparent power to alter personalities as well as cure depression.

Dr Kramer says in his book that the drug can, in a substantial minority of patients, change personalities within a few weeks. It can boost social confidence in the habitually timid, make the sensitive brash, and transform the introverted into outgoing, loquacious people – rapidly achieving what psychiatrists hope, and often fail, to accomplish by other methods over a period of years. It can even, says Dr Kramer, improve business acumen.

The drug creates hyperthymia, a condition which makes people optimistic, decisive, quick of thought, charismatic, energetic and confident. Dr Kramer dubs the phenomenon "cosmetic psychopharmacology". If you can have plastic surgery, or dye your hair blond, why not take this "anti-wallflower compound" to improve your temperament, he writes. "Since you only live once, why not live it as a blond? Why not a peppy blond?" asks Dr Kramer.

It sounds too good to be true. Prozac



seems to have few immediate side-effects and, as far as doctors know, is non-addictive. Unlike LSD or alcohol, it boosts confidence and productivity without distorting perception.

But critics believe the hype is overdone. Dr Joe Collier, consultant clinical pharmacologist at St George's Hospital Medical School, London, said clinical evidence showed that Prozac was no more effective than older, cheaper anti-depressants. "We've seen drugs hailed as 'transformers' before. For example, when L-Dopa came out to treat Parkinson's Disease, people claimed that it had all sorts of extra qualities – it was even seen as an aphrodisiac," he says.

"The idea that a drug can make you 'more normal than normal' worries me a lot. Anything that makes you feel supernormal for a while may have serious consequences in the end."

Eli Lilly has deliberately not tried to exploit some of Dr Kramer's more dramatic claims, pointing out they are not backed by scientific trials. The company does not pretend that Prozac has miraculous qualities. Prozac is only one of four drugs in the class known as selective serotonin reuptake inhibitors – chemicals that affect the process by which signals are transmitted in the brain.

The others in the category are: Fluvoxamine, developed by Solvay of Belgium; Lustral, known as Zoloft in North America where it is marketed by Pfizer; and Seroxat, discovered by Novo Nordisk in Denmark and marketed in most parts of the world by SmithKline Beecham, the Anglo-American healthcare group. On medical criteria, other SSRIs may be more appropriate for particular patients.

At the same time, no SSRI comes close to being a panacea. On average they are effective for only about 70 per cent of patients. Prozac is no exception.

Nevertheless, Prozac can prove a potent anti-depressant, as many in the US have found. One mother of a depressed teenager who takes the drug says: "The amazing thing is that a kid who could not even hold a casual conversation, would stay in her room and would become anxious just worrying about what to have for dinner, now has a normal life. In a matter of months, she has become socially confident, able to attend school and spend time with friends. The change is phenomenal."

The effects Prozac has on personalities raise ethical dilemmas. By affecting the way the brain operates, Prozac and the other SSRIs go beyond curing what doctors perceive as illnesses, to alter the kind of person a patient is. Just as a surgeon can transform someone's appearance, Prozac changes temperaments. Personalities become a collection of neurotransmitting chemicals, subject to alteration.

Another dilemma is the question of whether doctors should prescribe Prozac to healthy people who want to enhance their personalities, when teenagers taking drugs such as ecstasy – which induces a near-instant feeling of well-being – are frowned upon by governments.

The point at which a line should be drawn between acceptable and non-acceptable use of drugs is hard to define; at some point, governments might be tempted to prescribe the drug for criminals or those with anti-social tendencies.

There is also the danger of over-prescription. Prozac's long-term effects are unknown. Valium, for instance, was hailed as a cure for female depression in the 1960s but was subsequently found to be addictive. Five times as many women take Prozac as men.

Pharmaceutical research and development take many years and cost hundreds of millions of dollars. Prozac and the other SSRIs are the product of discoveries made 20 years ago. As the understanding of the brain's molecular biology improves, so even more potent and selective mind-altering drugs will become available. Solvay reckons there are more than 40 such anti-depressants ready to be submitted to licensing authorities or in development. The dilemmas posed by "cosmetic psychopharmacology" will not disappear.

*Additional reporting by Clive Cookson*

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Rail privatisation: treading the same stony path

*Mr Roger Ford.*

Sir, You quote Mr Robert Horton, chairman of Railtrack – the new state agency which will own the railway infrastructure after privatisation – as justifying greater freedom from Treasury borrowing constraints on the grounds that Railtrack's aim is to act as much as possible like a commercially driven plc ("Greater financial freedom for Railtrack called for", October 7).

The same plea could be made on behalf of British Rail, which has spent the last 11 years reorganising itself as a commercially-driven, business-led industry. Surely, the argument for continuing Treasury constraints on nationalised industry expenditure is that the state remains the ultimate guarantor of financial risk. This applies however the nationalised industry is organised. In the government's eyes Railtrack can only be just another nationalised industry monopoly, with all the pejorative overtones associated with that title.

While the Treasury's new public sector leasing rules coming into effect next year may introduce some private sector finance to the railways, it seems that Mr Horton is following the stony path trodden by so many British Rail chairmen in the past.

Roger Ford,
*business editor,*
*Modern Railways,*
*8 Russellcroft Road,*
*Welwyn Garden City,*
*Hertfordshire AL8 6QT*

*From Mr Stephen L Phillips.*

Sir, I cannot understand the fuss over whether British Rail should be allowed to bid for rail franchises.

Let it bid. The award criteria doubtless include assessment of competence at running a railway. Bidders not considered capable of meeting service level targets will be eliminated.

British Rail's record will speak for itself.

Stephen L Phillips,
*chairman,*
*Hygicare,*
*Whitegate Industrial Estate,*
*Wrexham,*
*Clwyd LL13 8UG*

## Pension prejudice misguided

*From N F Rothe.*

Sir, One begins to feel, on reading the reviews of your columnists and of other journalists, first that the Goode committee recommendations are being evaluated against the presumption that all employer-run pension schemes are being managed by potential fraudsters and, second, that "time is catching up with the UK's occupational pensions industry". The implication is usually that final salary schemes are being "caught up with".

This strikes me as a triumph of prejudice over reason. I think it is not a question of employees deserting final salary schemes, but that misguided popular sentiment, compounded by regulation with which it will prove expensive for the smaller scheme to comply, will increasingly dissuade employers from offering final salary schemes.

At a stroke this will solve the contentious matter of the ownership of surpluses (there aren't any in a money purchase scheme) and the employer will be delighted to be rid of the open-ended commitment to make up the fund if the investments are not performing in line with liabilities.

And what will fund members get? A group money purchase scheme or a personal pension, the final outcome of either being both unpredictable and not guaranteed. Further, they are subject to the state of the financial markets at the time of maturity. In addition, the input value of the contributions is likely to have been affected by the amount of salesmen's commissions.

Most final salary schemes will give the pensioner a better deal than the above alternatives, but if people have been conditioned to preferring money purchase schemes, I can only say let them get on with it and I hope that at the end of the day they are satisfied with the result.

My preference is self evident. I understand that likely future patterns of employment may make final salary schemes less relevant than they once were, but that is no reason to threaten the interests of individuals who have maybe 20 years or more of service in such a scheme and are likely to complete full service. They are beginning to worry, not about a Maxwell, but about the value of their fund or contributions being diminished by fiscal discrimination and potentially expensive regulation, and perhaps even wound up because their employer, wearied by the increasing hassle, opts for change to a money purchase scheme.

N F Rothe,
*9 The Laurels,*
*Fleet,*
*Hampshire GU1 9RB*

## Priceless

*From S W Duggan.*

Sir, I cannot help wondering whether there is a conspiracy of silence among those building societies which have issued permanent interest bearing shares (PIBS). Twelve societies have now issued PIBS and the current, aggregate market value of such issues is in excess of £1bn.

To my amazement, not one of the societies has seen fit to have its PIBS prices quoted daily in your columns. I enquired of two societies why they were not advertising their prices in your paper. One appeared to regard the idea as a somewhat quaint notion; the other said I was only the second person to ask the question.

Cannot these building societies be persuaded to abandon their excessive modesty?

S W Duggan,
*J D Ward (Financial Services),*
*Number 9 Kingsway,*
*London WC2B 6XF*

## Make sure of tax credit

*From Richard W Evans.*

Sir, When our family receives dividends by post from companies in which we are shareholders there is often a tear-off form to request future dividends to be paid directly into a bank account for the convenience of all concerned. However, in the instructions as to how to complete the form, very few companies mention that they would still send the tax voucher to the registered address of the recipient.

If my experience is anything to go by, any such vouchers that are sent to one's bank for eventual onward transmission to the shareholder either seem to get "lost" or disappear en route; I certainly will not sign a dividend instruction unless the registrar agrees to send me the voucher showing tax credit, holding etc. I wonder how many other shareholders take a similar view?

Registrars of companies such as Southern Water and Rolls-Royce do indeed mention on the form that tax vouchers will be sent direct to the shareholder so why cannot others confirm similarly?

Richard W Evans,
*The Squirrels, Harmer Dell,*
*Harmer Green Lane,*
*Welwyn, Herts, AL6 0BE*

## Same difference anywhere

*From Ms Andrea E Goldstein.*

Sir, Sometimes, neo-liberal zeal risks turning an otherwise excellent journalist into an ideological guerrilla. Stephen Fidler seems to consider the fact that a cup of coffee costs more at the counter than at the table as a definitive proof of the excesses of state intervention in Venezuela ("Anatomy of a stalled reform programme", October 4). However, what he fails to consider is that, no matter the country – and its development strategy, for that matter – the price for a coffee is always different depending on whether one takes it standing or sitting.

Andrea E. Goldstein,
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*France*

## COMPANY NEWS: UK

# ASH shares fall 23% on profits warning

By David Blackwell

SHARES IN Automated Security (Holdings), the international electronic security systems company, plunged by nearly 23 per cent after the group issued a profits warning yesterday.

In a related development, de Zoete & Bevan, ASH's joint stockbroker for 10 years, resigned in a row over the group's enhanced scrip dividend. ASH had rejected its advice that it should revise the terms of the dividend after the profits warning.

The share price fall was initially much steeper because of a mistake in the Stock Exchange announcement at 11.44am. Losses against discontinued operations were shown as £32m instead of £2m.

Before a correction was announced at 12.05pm, the shares hit a low of 90p. They recovered to close at 102p, down 30p from Thursday's close.

The group warned that its pre-tax profit for the nine months to September 30, which will be announced next week, would be £9m after charging losses for discontinued operations of about £2m and an additional £1m for further reorganisation costs. The results for the full year would be "significantly below market expectations," it said.

One analyst said: "The company has a history of disappointing, and a history of poor share price performance in front of disappointment. I've pretty much washed my hands of it".

Mr Tom Buffet, chairman, said the market had been expecting full-year pre-tax profits of £17m to £18m. In July the group reported interim pre-tax profits of £7.13m on turnover from continuing operations of £74.3m.

Mr Buffet said the £2m reflected the cost of closing the fire systems division whose main business is contract fire alarms. The £1m costs were incurred in finalising the reorganisation.

He described California, where one of the group's main businesses is based, as "a very deeply hit market."

In late afternoon, the group issued a further trading statement noting that "the market for alarm verification systems continues to develop." The group, which claims to be a world leader in this sector through its TVX and Sonitrol technology, cited an announcement from the Los Angeles Police Department that "verified alarms such as those provided by ASH will receive higher priority than normal unverified alarm systems."

Mr Buffet said earlier that 60 per cent of the group's shareholders were based in the US.

# Chairman threatened by Tiphook price fall

By Andrew Bolger in London and Richard Tomkins in New York

ANOTHER sharp fall in the share price of Tiphook yesterday made the position of Mr Robert Montague, founder and executive chairman of the container leasing and transport rental group, look increasingly precarious.

The UK company's shares dropped by another 46p to 123p, a 27 per cent fall. They had already fallen nearly 30 per cent on Thursday after the loss-making group warned that it would breach its banking covenants.

Tiphook is trying to negotiate new facilities with its bankers. The continuing pressure on its share price makes it more likely that the lenders will distance themselves from Mr Montague, who has been criticised for his buccaneering style and high salary.

Mr Montague is, however, acknowledged to have a deep knowledge of the business and may continue in a diminished role. Shareholders could also insist on his departure or demotion, as they must approve new borrowing limits at an extraordinary general meeting. The group's gearing will soon breach 500 per cent, the ceiling allowed by its articles of association.

The fall-out from Tiphook's financial difficulties will be felt particularly acutely in the US, where bid speculation and the size of the dividend yield had led to a strong following for the company's stock. More than half the shares are currently held in the form of American Depositary Receipts: these had shed $1/4 at $6 by midday yesterday.

One US investment analyst said it was "almost a given" that investors would launch legal action against Tiphook, claiming to have been misled by over-confident assertions about the company's prospects.

Mr Andrew Silver, an analysts at investment bank Dillon Read, said Tiphook had on several occasions made statements about its outlook that had proved too optimistic.

# Bonds undermine foundations

**Richard Gourlay** on Greycoat's future after the PosTel rejection

CHRONICLERS of the demise of Greycoat, one of UK's most adventurous 1980s property companies, will have to wait a while longer before bringing their final chapter to a close.

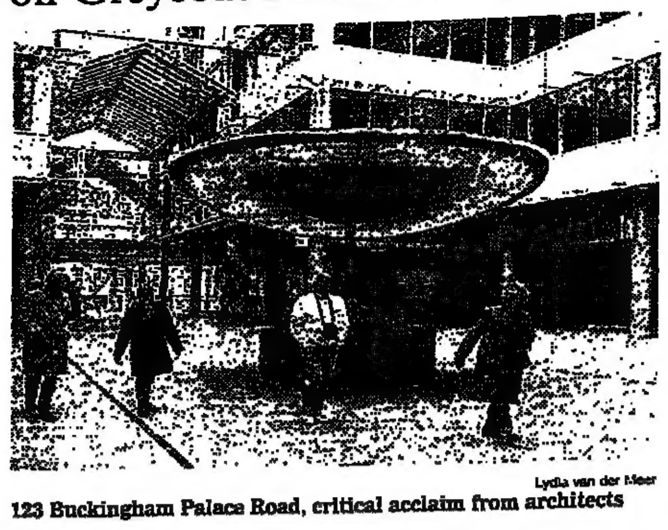
Yesterday, the £121m rescue bid put together by PosTel, the UK's largest pension fund, failed to receive adequate support from two classes of bond and shareholders.

But one way or the other, Greycoat's days seem numbered.

From the moment PosTel published its complex offer document in July, the company was in breach of covenants restricting gearing. If the board's dire warnings to shareholders ahead of yesterday's vote are to be believed, this means Greycoat could be facing the imminent arrival of the liquidators.

Such an event would be an ignominious ending for one of the most exciting of the 1980s property developers. Its main developments at 123 Buckingham Palace Road, Britannic House, and Embankment Place, the imposing office building above London's Charing Cross railway station, have been received with the highest critical acclaim from architects and property investors.

Where Greycoat suffered, along with Stanhope and Rosehaugh two other 1980s developers that have already gone under, was from the severity of the slump in commercial property.



Lydia van der Meer

123 Buckingham Palace Road, critical acclaim from architects

Had property values recovered earlier, Greycoat could have been able to meet the looming demands that have brought the company to the brink. Without that recovery in values, survival has proved impossible.

It was the financing of Embankment Place that was the immediate cause of Greycoat's problems. To meet the £160m capital cost, Greycoat was forced to top up borrowings with a £21m bond on which it paid no coupon. The bondholders expected to be repaid £50m in 1995, which would have been possible had the property slump not persisted so long.

Then there is Britannic House, the prestigious building which houses BP and the asset best suited for institutional investors now seeking to rebuild property portfolios. Again Greycoat deferred some of the pain by paying a low initial coupon, which is now about to double.

Realistically, the company has no chance of meeting these commitments. As Mr Geoffrey Wilson, Greycoat's chairman, said yesterday, the company remains in default after yesterday's rejection of the PosTel deal.

However liquidation may not be inevitable. Even if it does come to that it may not be as bleak as Greycoat has claimed in the run-up to the votes.

As Greycoat's directors licked their wounds, presumably with NM Rothschild, their advisers, who it was revealed yesterday were on a substantial success related fee, speculation rose that another bidder might now show its hand.

Throughout PosTel's protracted offer period no other buyers emerged. It is possible they did not want to take on such a large institution.

In addition, if some property analysts and the dissenting Greycoat preference shareholders are to be believed, the company's value may have risen since it was correctly valued by PosTel when it first proposed the deal six months ago.

Mr John Katz, a vociferous critic of the deal and a preference shareholder, has strongly questioned the valuation of properties which are at present occupied by tenants enjoying rent free holidays.

This has become a common incentive during the property slump but it clearly has reduced the value of the properties, he says. In a couple of years there would be a considerable increase in the cash flow from these properties, making them very attractive to long-term investors.

Whether this view of valuations proves correct is for the market to decide. One way or another, either through another bid or the services of a liquidator, the hypothesis on which the bond and preference shareholders based their rejection of the PosTel offer will be tested very soon.

# Broker resigns in row over enhanced scrip dividend

By Maggie Urry

FORTY MINUTES after Automated Security (Holdings)'s profit warning appeared on Stock Exchange screens yesterday, de Zoete & Bevan announced its resignation as its joint broker. The swiftness of the broker's announcement suggests a fierce row had blown up between it and the company.

The argument is over the company's enhanced scrip dividend, announced in July. De Zoete, part of Barclays de Zoete Wedd, the integrated securities house, said that it had advised ASH to cancel the share issue, which comes into effect on Wednesday next week, because of the sharp fall in the share price yesterday to 102p.

It said it resigned when ASH refused to take its advice within the timescale it set. ASH said yesterday that the scrip dividend remained in place, but would be kept under review and a decision whether to proceed with it would be taken by next Tuesday on the basis of what is best for the company and its shareholders.

The scrip issue is still conditional on the new shares being admitted to the Official List. This is usually a formality, but the Stock Exchange could in theory refuse their admission if it found grounds to do so. It is also expected to look at the company's share price movements ahead of the warning.

Under the enhanced scrip shareholders were offered either a cash interim dividend of 3.05p or a 50 per cent higher dividend in shares, worth 4.58p.

The scrip dividend was approved by shareholders at a special meeting on September 29, and 87.5 per cent of shareholders elected to take the shares instead of the cash dividend. This would save the company £3.1m in cash and £900,000 in advance corporation tax which is not payable on scrip dividends.

On Tuesday this week the reference price for the scrip – the price used to calculate how many shares would be issued to meet the dividend payment – was set at 142p. Shareholders who took the scrip dividend are in effect buying new shares next Wednesday at 142p, 40p above the current market price.

Shareholders with 24.3 per cent of ASH's shares decided to accept the scrip dividend but take advantage of BZW's offer to buy and place their new shares. The price set for this placing of 892,000 shares was 136p. Investors who bought those shares are now nursing heavy losses.

It is thought that BZW itself may have been left with some of these shares, which might explain its anger. Furthermore, BZW dreamt up the enhanced scrip dividend idea and has arranged them for 14 clients. It therefore has an interest in maintaining the integrity of the product.

# Graystone in agreed bid for Brit Syphon

By Catherine Milton

GRAYSTONE, the engineering company formed out of Ptarmigan Holdings, the flowers and hotels group, yesterday launched its second large paper-backed acquisition in little more than five months.

It is buying British Syphon Industries in a recommended cash and shares offer which values the engineering, packaging and motor components company at £32.8m.

For every 100 Syphon shares Graystone is offering £76.3 cash, 34 ordinary shares and 28 19.2 per cent cumulative preference shares.

Graystone is raising £18.4m through a 7-for-4 rights issue of up to 167.4m shares at 11p each to help pay for the cash element. It is underwritten by Chemical Investment Bank. The brokers are Henry Cooke Lumsden.

Graystone shares closed ½p lower at 10p while British Syphon fell 12p to 83p. At the closing price the offer values Syphon shares at 96.5p.

British Syphon brings with it about £8m in cash.

The enlarged group would have turnover of roughly £60m in three distinct legs, mechanical products with some design features, electrical products and packaging and distribution.

British Syphon has two main shareholders. Both have agreed to accept the offer. Britannia, a subsidiary of Bankers Trust, holds 69.4 per cent, the legacy of an attempt by management to take the company private, and companies connected with Mr Nathu Ram Puri, who foiled the privatisation, which hold 23 per cent.

In May Graystone bought Cableform from FKI for £8m, funding the deal by a 14-for-3 rights issue priced at 8p each.

In November it bought three engineering companies from Prospect Industries, a company which Mr Dick Richardson, Graystone's chairman and chief executive, originally floated off from Tace, the environmental controls company. He was managing director of Tace until 1991 when he resigned following a boardroom row.

Mr Richardson, who joined Graystone in June last year, said: "The engineering business is quite a good fit. They are already customers of ours as well as competitors. They also have distribution companies within them which gives us access to new markets."

Graystone hopes to pay both interim and final dividends for the year ended June 30 1994.

# Welsh Water plan to lease off hotels fails

By Paul Taylor

WELSH WATER's plan to extricate itself from the hotel business by signing a 15-year lease for four of its properties with Resort Hotels, and signing a management contract with Resort for a fifth, collapsed yesterday.

Following the announcement its shares closed 10p down at 635p.

In a terse one paragraph joint statement issued to the Stock Exchange, Welsh Water and Resort Hotels announced that they had decided "not to proceed with the disposal".

Welsh Water, which revealed the plan in July at the same time as its interim results, says it will be "taking steps to find a new partner and remains committed to its decision to exit from hotel management."

The day after Welsh Water announced the deal Resort's shares were suspended, Mr Robert Feld, managing director and head of the family which built the group, resigned, and the board said in a statement that it was concerned "over a number of financing and reporting issues".

Resort's shares remain suspended at 45p. Late yesterday afternoon Welsh Water's management was unavailable for comment and Resort Hotels declined to elaborate on the Stock Exchange announcement.

# Hi-Tec sprints back to £0.78m profit

By Peggy Hollinger

HI-TEC, the sports and leisure wear company 54 per cent owned by its founder Mr Frank van Wezel, returned to the black in the six months to July 31, with pre-tax profits of £776,000 against losses of £2.8m.

Strong growth in the US helped the company record a 29 per cent increase in sales to £59.4m.

Mr Peter Butler, finance director, said the profits improvement stemmed largely from the decision to close the European subsidiaries built up last year, thus eliminating annual losses of about £7.5m and fixed costs of some £3m.

Mr Butler said the European footwear operation, which now relied on distributors to sell the Hi-Tec product, had broken even in the first half. However, the leisure wear division, Bad Boys, had incurred higher losses, leaving Hi-Tec with a £1.6m (£1.4m) deficit in continental Europe.

In the US Hi-tec benefited from a trend away from white sports shoes towards light weight boots in earthy colours.

The group, which claims 10 per cent of the $600m (£397m) light weight outdoor footwear market in the US, "is really roaring away" Mr Butler said. Including currency gains, sales in the US doubled to £23.6m with profits jumping from £636,000 to £2.1m.

Hi-Tec also boasted a better year in the UK because of the demise of the price war in the sports shoe market and a reduction in staff, stocks and debtors. "As a result we have been able to get back a huge chunk of the margin we lost last year," Mr Butler said.

The UK and Irish division, which sells both sports shoes and the hiking boot, had returned a small profit of £793,000, against a loss of £861,000, on flat sales of £19.9m (£19.6m).

The dividend was increased by 25 per cent to 1.25p. Earnings per share were 1.4p against losses of 4.86p.

**● COMMENT**

The shares rose 4p to 64p following one of the most optimistic statements this group has made for some time. Yet this does not mean there is a queue of people waiting to buy into this tightly controlled company. Gearing remains at an uncomfortable 100 per cent plus, which almost certainly means an equity issue to raise cash for the rapidly growing US side. Then there are the nagging doubts following Hi-Tec's sudden tumble into loss last year and the sudden resignations of two powerful non-executive directors in March after just eight weeks in the job. These anxieties are unlikely to be dispelled until the final results at the earliest, leaving little upside in the immediate future. Forecasts are for pre-tax profits of at least £2.5m, leaving a prospective p/e of about 15 times.

# Quadramatic buys Quota companies for £11.25m

By Andrew Bolger

QUADRAMATIC, the coin-handling and optical group which came to the market in July, has moved swiftly to fulfil its promise to build a specialist engineering group by acquisition.

The Oldham-based group is paying £11.25m for Quota, a private holding company for two high-technology businesses. Datapaq, based in Cambridge, supplies thermal monitoring systems. Automatic System Laboratories, a Milton Keynes company makes calibrating equipment for laboratories.

The consideration is to be satisfied by raising £10.25m through a placing and open offer of 7m new shares at 145p per share and the issue of 689,800 shares to the vendors.

Some 2.2m of the new shares have been placed firm with the remainder being offered to existing shareholders on a 1-for-4.18 basis.

Quadramatic was floated at 123p, valuing the group at £36.4m. The shares yesterday closed 6p higher at 155p.

Mr Tony Gartland, Quadramatic's chairman, said the businesses fulfilled the acquisition criteria he identified at the time of the flotation – that they should be earnings-enhancing, have quality products with good gross margins and growth potential.

Datapaq, which also has a US operation in Massachusetts, reported turnover of £4.5m in the year to June 30 for operating profits of £1.3m.

ASL had sales of £2.7m in the 15 months to June 30 and made an operating profit of £113,000.

Mr Gartland said his group would keep the existing management and workforce of both companies. However the vendors, Mr Stephen Black and Mr Ian Williams, will play no further role in the company.

He believed Datapaq's expertise could be extended into monitoring pressure and humidity, while ASL's products could be broadened out from the laboratory level to the much bigger industrial market.

Quadramatic expects pre-tax profits of £4.59m and earnings of 9.8p.

# Radamec at £335,000

RADAMEC Group, electronics and precision mechanical engineering concern, reported pre-tax profits down from £365,000 to £335,000 in the first half of 1993.

This was achieved on a greater turnover of £6m (£5.8m). However the company said the return on sales had been diluted as the result of a large amount of low margin business.

The result, which followed a recovery from £345,000 to £832,000 in 1992, left the share price 8p lower at 58p.

Mr Leonard Whittaker, chairman, said that the interim result was indicative of the slower recovery from recession in the group's markets.

The interim dividend is unchanged at 0.5p payable from earnings per share of 1.8p (2p).

## NEWS DIGEST

# A Cohen tumbles to £36,000

SHARES in A Cohen fell by 30p to 360p yesterday after the company reported a sharp decline in pre-tax profits from £496,000 to £36,000 in the first half of 1993.

The company, which makes non-ferrous metal ingots and is involved in the reclamation and trading of recyclable materials, has also omitted its interim dividend. Last year, an interim of 3.4p was followed by a final of the same amount.

Turnover rose to £43.5m (£38.1m). A tax charge of £181,000 (£477,000) left losses per share at 8.96p (1.18p earnings).

### E&O purchase

English & Overseas Properties is continuing its return to property development with the £9.25m acquisition of a portfolio in the south-east of England.

It is also raising a net £7.65m in a rights issue, of which £3.75m will be used to fund the purchase.

### ADT price falls

ADT's share price fell by 44p yesterday to close at 579p following speculation that ADT's largest shareholder, Ontario-based Laidlaw, might sell its 24 per cent stake in the Bermuda-based security services and vehicle auction group.

The speculation followed news that Mr Donald Jackson, Laidlaw's chief executive, will submit his resignation at a board meeting on October 13 following 'differences of opinion concerning Laidlaw's strategic direction'.

Earlier this year Mr Jackson described Laidlaw's stake in ADT, which was acquired under his predecessor Mr Michael DeGroote, as a 'portfolio investment'.

In July Laidlaw decided not take up its proportionate share of ADT's public offer in the US of 18m shares at $8 each. The $144m proceeds were used help ADT refinance $1.3bn of debt and meet preference share obligations. As a result of the public offer Laidlaw's stake fell from 28.4 to its current level.

ADT declined to comment on the share price movement yesterday.

### Trace Computers

Poor market conditions and the cancellation of the Stock Exchange's Taurus computerised settlement system contributed to a decline in profits at Trace Computers.

The pre-tax figure for the year to May 31 fell from £502,000 to £211,000; turnover was down from £19.3m to £18m, mainly as a result of scaling down the computer supplies business.

Earnings per share came out at 1.12p (2.87p), and a maintained final of 0.9p is proposed, to give a same-again total of 1.45p.

### Montanaro launch

Montanaro and company is launching a a new smaller companies fund aimed exclusively at institutions. It will invest mainly in UK quoted industrial companies with a capitalisation of less than £50m. Montanaro is offering limited partnership interests in the fund, with £1m as the minimum investment. It is hoped to raise up to £30m. Henry Cooke Lumsden has been appointed sponsor and placing agent.

### Dunkeld MBO

The existing management of the shirts and swimwear divisions of Dunkeld Group, which went into receivership in August, have secured backing for a buy-out.

The MBO, which has total funding of £7.8m, has secured £2.6m of equity capital from 3i, the investment capital group.

### Thornton expands

Thornton, the fund management group owned by Dresdner Bank of Germany, is buying Aetna UK's £227m unit trust business in a move reflecting further consolidation in the retail investment industry.

Thornton is understood to have paid £13m for the management contracts on Aetna's 13 unit trusts from the Windsor Group.

The acquisition doubles the size of Thornton's unit trust operations to more than £400m, with total group funds amounting to more than £1.25bn.

### Harrington Kilbride

Harrington Kilbride, the publishing group, is raising about £1.03m net through the issue of 475,000 ordinary 5p shares at 219p.

The company, floated in December 1991, will use the proceeds to cut gearing. It said the expanded capital base would enable it to continue investment in both its own titles and its contract publishing division.

### Scottish Metro sale

Scottish Metropolitan Property has sold Saltire Court, Edinburgh, its largest single asset, for £53.1m to the Abu Dhabi Investment Authority. The net proceeds will reduce short-term borrowings.Current book value of the property is £48.1m.

### SeaCon expands

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, is acquiring the container assets and lease and purchase contracts of Clou, the Hamburg-based lessor in a deal valued at $77m (£50.9m).

In 1990 SeaCon left the master agreement business when it sold its fleet to Tiphook.

### Hamlet placing

Hamlet Group, the clothes importer, has announced the result of its placing and intermediaries offer of 15.4m ordinary shares at 130p each.

Some 11.54m shares, representing 75 per cent of the issue, were placed firm by Beeson Gregory with institutional and other investors. A further 3.85m were placed subject to recall to meet valid applications from intermediaries.

That offer was 4.3 times subscribed, with applications for 16.6m shares received from 80 intermediaries.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Cohen (A.) ......int | nil | - | 3.4 | - | 6.8 |
| Hi-Tec Sports ......int | 1.25 | Dec 10 | 1 | - | 2 |
| Radamec ......int | 0.5 | Dec 10 | 0.5 | - | 1.5 |
| Trace Computers ......fin | 0.9 | Dec 2 | 0.9 | 1.45 | 1.45 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc Date | 1993 High | 1993 Low | Stock | Closing Price | +or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - | F.P. | - | 110 | 94 | Anglian Water Wrts | 106 | -1 | - | - | - | - |
| - | F.P. | - | £41¼ | £35¾ | Beta Viet Nam Units | £41¼ | | - | - | - | - |
| 90 | F.P. | - | 98 | 95 | Crockfords | 95 | -1 | W5.2 | 2.3 | 6.8 | 7.5 |
| - | F.P. | - | 70½ | 67 | For & Col Special Inc | 70 | | - | - | - | - |
| - | F.P. | - | 46 | 42 | Do Capital | 42 | | - | - | - | - |
| - | F.P. | - | 118 | 109 | Do Units | 112 | | - | - | - | - |
| - | F.P. | - | 81 | 77 | Ivory & Sime Ent. Cap. | 78 | | - | - | - | - |
| - | F.P. | - | 15 | 14 | Do. Warrants | 14 | | - | - | - | - |
| - | F.P. | - | 5¾ | 4¾ | Regent A | 5 | | - | - | - | - |
| - | F.P. | - | 11 | 9½ | ♦Select Industries | 10½ | | - | - | - | - |
| §112 | F.P. | - | 118 | 98 | Shield Diagnostics | 110 | | - | - | - | - |
| §115 | F.P. | - | 123 | 115 | WE Holdings | 115 | -2 | L3.5 | 2.6 | 3.8 | 12.7 |
| - | F.P. | - | 3¼ | 3 | Wiggins | 3¼ | | - | - | - | - |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1993 High | 1993 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| - | F.P. | - | 112½p | 103p | Asprey 6¼pc Cn Pf | 110p | |
| - | F.P. | - | 105p | 103p | Barnes (C) 5.6p (Net) Cv Pf | 105p | |
| 100 | F.P. | - | 116⅝ | 105 | Coats Viyella 6¼pc Cv Bds 2003 | 116⅝ | +⅝ |
| - | F.P. | - | 117 | 108 | Ex-Lands 7¾pc Cv Ln 2020 | 115½ | |
| 100 | F.P. | - | 109 | 98¼ | Greenalls 7pc Cv Bds 2003 | 108 | |
| - | F.P. | - | 92½ | 90 | Ivory & Sime Ent. Cap. Cv Ln 2000 | 80 | |
| - | F.P. | - | 112½ | 104½ | Nat. Power 6¼pc Cv Bds 2008 | 112½ | |
| 350p | Nil | - | 73½pm | 66pm | Scottish & Newcastle Non-Vot ULS Uts | 66pm | -1 |
| - | F.P. | - | 119⅜ | 107¼ | Wickes 6½pc Cv Bds 2008 | 116½ | -½ |
| - | F.P. | - | 113 | 107 | Wilson 6¼pc Bds | 112 | |

### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc Date | 1993 High | 1993 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 140 | Nil | 22/10 | 34pm | 32pm | Adwest | 32pm | |
| 130 | Nil | 4/11 | 19pm | 6pm | Appleyard | 10pm | |
| 35 | Nil | - | 1pm | ¼pm | Britannia | ¼pm | |
| 150 | Nil | 15/11 | 11pm | 8pm | Friendly Hotels | 9pm | |
| 150 | Nil | 2/11 | 23pm | 18pm | JIB | 23pm | |
| 260 | Nil | 2/11 | 77pm | 48pm | MB Caradon | 77pm | +3 |
| 160 | Nil | 10/11 | 23pm | 13pm | Perry Group | 13pm | |
| 8 | Nil | 26/10 | 4pm | 3pm | Phoenix Timber | 3pm | -½ |
| 120 | Nil | 3/11 | 23¼pm | 13¼pm | Tarmac | 23pm | +4½ |
| 72 | Nil | 13/10 | 7pm | 5pm | Wates City of London | 7pm | +1 |
| 2½ | Nil | 25/10 | ¼pm | ½pm | Wiggins | ¼pm | |

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

## TRADITIONAL OPTIONS

- First Dealings Sept. 27
- Last Dealings Oct. 8
- Last Declarations Dec. 30
- For settlement Jan. 10

*3-month call rate indications are shown on page 11.*

Calls: Betterware, Campbell & Armstrong, Dickie (James), Holmes & Marchant, Lon. Scot. Bank, Lloyds Chem., PSIT, Shanks & McEwan. Puts: Automated Security, Greycoat, Sims Food.

M T W T F S S

## ECONOMIC DIARY

**TODAY:** Mr Kenneth Clarke, chancellor of the exchequer, at the second day of the meeting of European Community finance ministers.

**SUNDAY:** Greek general elections.

**MONDAY:** Producer price index numbers (September). Balance of visible trade (July). Summit of Rio Group of Latin American nations in Santiago. EC research council meets in Luxembourg. House of Lords returns from summer recess.

**TUESDAY:** Constitutional court rules on challenges seeking to block German ratification of the Maastricht Treaty on closer European union. EC social affairs council meets in Luxembourg. Start of two-day Financial Times conference "Retailing - New Opportunities - New Challenges" at Hotel Inter-Continental, London W1. Nobel prize for economics to be awarded.

**WEDNESDAY:** Retail prices index (September). Index of output of the production industries (August). Capital issues and redemptions (September). Index of production and construction for Wales (second quarter). Israeli-PLO accord takes effect. European parliament holds extraordinary two-day plenary session in Brussels.

**THURSDAY:** New earnings survey 1993, Part B: Analyses by agreement. Machine tools (August). Labour market statistics: unemployment and unfilled vacancies (September-provisional); average earnings indices (August-provisional); employment, hours, productivity and unit wage costs; industrial disputes. US jobless claims; retail sales (September); producer price index (September). Two-day conference on relations between the European Community and southern Africa opens in Brussels.

**FRIDAY:** Usable steel production (September). Half-yearly update of seasonal adjustments to monetary aggregates (August). Financial statistics (October). US consumer price index (September); merchandise trade (August); industrial production, capacity use (September). Nobel peace prize to be awarded.

## LIFFE EQUITY OPTIONS

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Allied-Lyons | 550 | 34 | 46 | 58½ | 2½ | 14½ | 21 |
| (*578) | 600 | 3½ | 19 | 30½ | 25 | 41 | 48½ |
| Argyll | 300 | 13 | 24½ | 33½ | 4 | 13½ | 17½ |
| (*308) | 330 | 2½ | 11½ | 20½ | 24 | 34½ | 35 |
| ASDA | 57 | 3 | - | - | 2½ | - | - |
| (*57) | 67 | 1 | - | - | 10½ | - | - |
| Brit Airways | 360 | 20½ | 33 | 41½ | 4½ | 16½ | 19½ |
| (*375) | 390 | 5 | 19 | 26½ | 20 | 33 | 35½ |
| SmKl Bchm A | 390 | 32½ | 45½ | 54½ | 3 | 15½ | 19½ |
| (*416) | 420 | 12 | 29½ | 39 | 14 | 29½ | 34 |
| Boots | 460 | 31 | 40½ | 50½ | 2½ | 12 | 17½ |
| (*487) | 500 | 5 | 18½ | 29 | 18½ | 31½ | 37 |
| BP | 300 | 25½ | 32 | 37 | 2 | 6½ | 9½ |
| (*323) | 330 | 5 | 14½ | 20 | 11½ | 19½ | 23 |
| British Steel | 120 | 9 | 15½ | 18½ | 2½ | 7 | 9½ |
| (*128) | 130 | 3½ | 9 | 15 | 7 | 12½ | 15 |
| Bass | 460 | 23 | 33½ | 40½ | 3½ | 20½ | 27½ |
| (*478) | 500 | 3½ | 14½ | 22 | 27 | 45½ | 51½ |
| Cable & Wire | 850 | 58½ | 75½ | 95 | 4 | 19½ | 29 |
| (*897) | 900 | 17½ | 45½ | 66 | 19 | 23½ | 51½ |
| Courtaulds | 460 | 35 | 48 | 57½ | 2 | 13 | 18½ |
| (*490) | 500 | 7 | 25 | 34½ | 18 | 32 | 35 |
| Comm Union | 620 | 17½ | - | - | 8 | - | - |
| (*638) | 677 | 2 | - | - | 45 | - | - |
| GKN | 460 | 11½ | - | - | 8½ | - | - |
| (*461) | 500 | 1½ | - | - | 40½ | - | - |
| ICI | 681 | 33 | 72 | - | 2 | 11½ | - |
| (*726) | 750 | 6½ | 29½ | - | 28 | 41½ | - |
| Kingfisher | 650 | 23 | 45½ | 60 | 8 | 21 | 29½ |
| (*663) | 700 | 5 | 21 | 25½ | 40½ | 46 | 58½ |
| Land Secur | 700 | 15 | 31½ | 45 | 11½ | 27 | 31 |
| (*703) | 750 | 2 | 12½ | 22 | 51 | 69 | 62½ |
| Marks & S | 390 | 15 | 26½ | 34½ | 4 | 13 | 17 |
| (*400) | 420 | 2½ | 12½ | 20 | 22½ | 29½ | 33 |
| NatWest | 500 | 42½ | 55½ | 61 | 1½ | 8 | 18 |
| (*538) | 550 | 6½ | 23½ | 31 | 16 | 38½ | 39½ |
| Sainsbury | 420 | 21 | 34 | 44½ | 4 | 15 | 29½ |
| (*435) | 460 | 3 | 15 | 25 | 28½ | 37½ | 42½ |
| Shell Trans. | 650 | 34½ | 53 | 58½ | 2 | 11 | 28 |
| (*681) | 700 | 4½ | 23½ | 30 | 22 | 36 | 44½ |
| Storehouse | 200 | 14½ | 20½ | 24½ | 2 | 7½ | 10½ |
| (*211) | 220 | 3 | 9½ | 14 | 12 | 18 | 21 |
| Trafalgar | 101 | 7 | - | - | 2 | - | - |
| (*107) | 110 | 3½ | - | - | 5½ | - | - |
| Unilever | 1050 | 21½ | 47 | 62½ | 15½ | 39 | 50 |
| (*1051) | 1100 | 4 | 25½ | 38½ | 53 | 67 | 78½ |
| Zeneca | 750 | 19½ | 47½ | 61 | 14 | 31½ | 51 |
| (*754) | 800 | 3½ | 25 | 37½ | 50 | 61 | 80½ |
| Option | | Oct | Feb | May | Oct | Feb | May |
| Grand Met | 420 | 10½ | 35 | 31½ | 9 | 25½ | 29 |
| (*420) | 460 | 1½ | 11½ | 18 | 41½ | 52½ | 55 |
| Ladbroke | 160 | 22 | 28½ | 31 | 1½ | 6 | 9½ |
| (*178) | 180 | 6½ | 19 | 20½ | 6½ | 14 | 19½ |
| Utd Biscuits | 360 | 13 | 27 | 31 | 9 | 21 | 30 |
| (*367) | 390 | 4½ | 18 | 19 | 33 | 38 | 49 |
| Option | | Oct | Dec | Mar | Oct | Dec | Mar |
| Fisons | 160 | 9½ | 14 | 21 | 3½ | 9½ | 14½ |
| (*165) | 180 | 2 | 8 | 12½ | 17 | 23 | 28½ |
| Option | | Nov | Feb | May | Nov | Feb | May |
| Brit Aero | 390 | 30 | 49½ | 60 | 16 | 31 | 40 |
| (*402) | 420 | 15½ | 34½ | 48½ | 31½ | 47 | 58 |

| Option | | Calls Nov | Calls Feb | Calls May | Puts Nov | Puts Feb | Puts May |
|---|---|---|---|---|---|---|---|
| BAT Inds | 450 | 28½ | 39½ | - | 8 | 15½ | - |
| (*464) | 475 | 12½ | 28½ | - | 20½ | 27½ | - |
| BTR | 360 | 27½ | 36 | 40½ | 3½ | 8 | 12 |
| (*381) | 390 | 8½ | 18 | 23 | 15 | 21½ | 27 |
| Brit Telecom | 420 | 32½ | 35 | 44½ | 3 | 9½ | 12½ |
| (*445) | 460 | 6 | 14 | 22½ | 28½ | 28½ | 32 |
| Cadbury Sch | 460 | 22½ | 37 | 39 | 7½ | 16½ | 25 |
| (*463) | 500 | 5½ | 16½ | 21 | 33 | 38½ | 40 |
| Eastern Elec | 550 | 38½ | 48½ | 57½ | 4½ | 14 | 17 |
| (*580) | 600 | 9½ | 21½ | 30½ | 25½ | 38 | 41 |
| Guinness | 390 | 28½ | 43 | 47 | 6½ | 12 | 20 |
| (*407) | 420 | 12 | 28 | 30½ | 21 | 30½ | 34 |
| GEC | 360 | 15½ | 24 | 30½ | 7½ | 14½ | 17 |
| (*365) | 390 | 3½ | 10½ | 16½ | 28 | 32½ | 34½ |
| Hanson | 260 | 12 | 17 | 20 | 6 | 10½ | 14 |
| (*265) | 280 | 3½ | 8 | 11 | 17½ | 22 | 25½ |
| Lasmo | 140 | 9½ | 16 | 19½ | 8 | 12 | 15½ |
| (*140) | 160 | 3 | 7½ | 11½ | 22½ | 25 | 27½ |
| Lucas Inds | 140 | 17½ | 22 | 25 | 3½ | 7 | 10½ |
| (*154) | 160 | 5 | 11 | 14 | 13½ | 17½ | 21 |
| P & O | 550 | 51 | 67 | 74½ | 6 | 14 | 21½ |
| (*580) | 600 | 17 | 37 | 46 | 24 | 34½ | 43½ |
| Pilkington | 140 | 12½ | 16½ | 18½ | 4½ | 10½ | 13 |
| (*146) | 160 | 4 | 8 | 11 | 17 | 22 | 25 |
| Prudential | 330 | 34½ | 42½ | 45½ | 2½ | 5½ | 11 |
| (*359) | 360 | 13½ | 23½ | 28½ | 11½ | 16½ | 24 |
| RTZ | 650 | 53 | 70½ | 77½ | 6 | 14½ | 21 |
| (*680) | 700 | 21 | 39½ | 49 | 25½ | 35 | 42½ |
| Redland | 500 | 50 | 64½ | 72 | 8 | 13½ | 25½ |
| (*542) | 550 | 17½ | 36 | 43½ | 23 | 34 | 48½ |
| Royal Insce | 300 | 32 | 48½ | 40½ | 1 | 2 | 12½ |
| (*321) | 330 | 34½ | 42½ | 23½ | 2½ | 5½ | 26 |
| Scot & New | 444 | 32½ | - | - | 4½ | - | - |
| (*465) | 482 | 10½ | - | - | 21½ | - | - |
| Tesco | 200 | 21 | 27½ | 31 | 3 | 8 | 10½ |
| (*216) | 220 | 8 | 15½ | 19½ | 11 | 16½ | 19½ |
| Vodafone | 500 | 41 | 54 | 66½ | 9½ | 21 | 28 |
| (*525) | 550 | 14 | 28½ | 42 | 35 | 47½ | 54 |
| Williams | 330 | 15½ | 26 | 30 | 9½ | 16 | 23 |
| (*333) | 360 | 4 | 12½ | 16½ | 30 | 34 | 40½ |
| Option | | Nov | Jan | Apr | Nov | Jan | Apr |
| BAA | 850 | 44½ | 54½ | 72 | 11½ | 22 | 30 |
| (*876) | 900 | 17 | 28½ | 46 | 35½ | 48½ | 55 |
| Thames Wtr | 550 | 18 | 28 | 38 | 15 | 21½ | 27 |
| (*556) | 600 | 3 | 9 | 17 | 53 | 55½ | 59 |
| Option | | Dec | Mar | Jun | Dec | Mar | Jun |
| Abbey Natl | 420 | 26½ | 35 | 40½ | 11 | 18½ | 23½ |
| (*430) | 460 | 7½ | 15½ | 22 | 34 | 42 | 45½ |
| Amstrad | 50 | 4½ | 6½ | 8½ | 5 | 6½ | 7½ |
| (*50) | 60 | 2 | 3½ | 5 | 12½ | 14 | 15 |
| Barclays | 550 | 31½ | 43½ | 50 | 15½ | 28½ | 30½ |
| (*559) | 600 | 9½ | 19½ | 27½ | 47 | 55 | 59½ |
| Blue Circle | 280 | 17½ | 27½ | 30½ | 12½ | 16½ | 26 |
| (*283) | 300 | 8½ | 18 | 22 | 25 | 30 | 27½ |
| British Gas | 330 | 10½ | 18½ | 23½ | 12½ | 17½ | 24½ |
| (*333) | 360 | 3½ | 8 | 11½ | 36 | 37½ | 43½ |
| Dixons | 260 | 26½ | 34½ | 41 | 9 | 18 | 20 |
| (*274) | 280 | 15½ | 24 | 31½ | 18½ | 28 | 30 |
| Eurotunnel | 460 | 37 | - | - | 16 | - | - |
| (*484) | 500 | 34 | - | - | 37 | - | - |
| Hillsdown | 140 | 21½ | 23½ | 34 | 2 | 5½ | 8½ |
| (*159) | 160 | 7 | 12 | 13 | 10½ | 15 | 21½ |

| Option | | Calls Dec | Calls Mar | Calls Jun | Puts Dec | Puts Mar | Puts Jun |
|---|---|---|---|---|---|---|---|
| Lonrho | 120 | 10½ | 14½ | 17 | 7 | 12 | 14 |
| (*121) | 130 | 5½ | 10 | 13 | 13½ | 18 | 20 |
| Natl Power | 390 | 24 | 34 | 41½ | 8½ | 15 | 20½ |
| (*405) | 420 | 9½ | 19 | 30 | 25 | 29½ | 35½ |
| Scot Power | 390 | 17 | 23½ | 30½ | 12 | 19 | 28½ |
| (*390) | 420 | 5½ | 11½ | 17½ | 32½ | 37½ | 38½ |
| Sears | 110 | 10½ | 13½ | 14½ | 3½ | 5½ | 7½ |
| (*116) | 120 | 5 | 7½ | 9 | 8½ | 10½ | 13 |
| Forte | 220 | 15½ | 24 | 26½ | 9½ | 14½ | 19½ |
| (*224) | 240 | 6½ | 14½ | 17½ | 22 | 28 | 31½ |
| Tarmac | 135 | 16 | 21½ | 24 | 5½ | 9 | 13 |
| (*143) | 155 | 8 | 12 | 15 | 17 | 20½ | 24½ |
| Thorn EMI | 950 | 42½ | 57½ | 74 | 26½ | 44½ | 51 |
| (*983) | 1000 | 18½ | 34½ | 51 | 56 | 72 | 77½ |
| TSB | 220 | 15½ | 21 | 25 | 7½ | 15 | 17½ |
| (*225) | 240 | 6½ | 12 | 16 | 19½ | 26½ | 28½ |
| Tomkins | 220 | 24½ | 29 | 34 | 5 | 9 | 12 |
| (*236) | 240 | 12 | 17½ | 23½ | 13½ | 18½ | 21 |
| Vaal Reefs | 70 | 18 | - | - | 7½ | - | - |
| (*77) | 80 | 11½ | - | - | 13 | - | - |
| Wellcome | 700 | 47 | 78½ | 84½ | 33 | 47 | 58 |
| (*716) | 750 | 28 | 49 | 61 | 63 | 74½ | 87 |
| Option | | Dec | Apr | | Dec | Apr | |
| Glaxo | 650 | 40 | 74½ | - | 30 | 52 | - |
| (*683) | 700 | 25 | 51½ | - | 58½ | 79½ | - |
| HSBC 75p shs | 700 | 52 | 78½ | - | 19½ | 42½ | - |
| (*726) | 750 | 26 | 48½ | - | 45 | 69 | - |
| Reuters | 1500 | 82 | 118 | - | 48 | 79 | - |
| (*1510) | 1550 | 55½ | 91 | - | 50½ | 106 | - |
| Option | | Dec | Feb | May | Dec | Feb | May |
| Rolls-Royce | 158 | 12½ | 16 | - | 9 | 12 | - |
| (*158) | 170 | 5 | 9 | - | 22 | 24 | - |

EURO FT-SE INDEX (*3121)

| | 2925 | 2975 | 3025 | 3075 | 3125 | 3175 | 3225 | 3275 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Oct | 198 | 146 | 96½ | 48 | 15½ | 3 | ½ | ½ |
| Nov | 211 | 165 | 122 | 83½ | 52 | 28½ | 14 | 6½ |
| Dec | 232 | 188 | 147 | 110 | 78 | 53 | [illegible] | [illegible] |
| Mar | 284 | - | 188 | - | 127 | - | 78 | - |
| Jun † | [illegible] | - | 219 | - | 160 | - | 113 | - |
| PUTS | | | | | | | | |
| Oct | ½ | ½ | 1½ | 8 | 21 | 55½ | 104 | 154 |
| Nov | 6 | 10 | 18½ | 27½ | 45½ | 72 | 107 | 149 |
| Dec | 16 | 22 | 30½ | 43 | 60½ | 84 | 113 | 149 |
| Mar | 35 | - | 57 | - | 92½ | - | 141 | - |
| Jun † | 51 | - | 78 | - | 115 | - | 153 | - |

FT-SE INDEX (*3103)

| | 2950 | 3000 | 3050 | 3100 | 3150 | 3200 | 3250 | 3300 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Oct | 171 | 121 | 71½ | 25 | 6 | 1 | 1 | 1 |
| Nov | 187 | 142 | 101 | [illegible] | [illegible] | 10½ | 8 | 3½ |
| Dec | 208 | 165 | 127 | 93 | 64 | 43 | 26½ | 15 |
| Jan | 223 | 184 | 146 | 114 | 85 | 62½ | 44 | 30 |
| Jun † | - | 236 | - | 173 | - | 124 | - | 83½ |
| PUTS | | | | | | | | |
| Oct | 1 | 1 | 2½ | 11½ | 44½ | 84½ | 114 | 184 |
| Nov | 7½ | 13 | 22½ | 39 | 64 | 98½ | 144 | 194 |
| Dec | 18½ | 24½ | 36½ | 54 | 77 | 108 | 147 | 194 |
| Jan | 38 | 38 | 51 | 69½ | 92 | 121 | 186 | 197 |
| Jun † | - | 75 | - | 111 | - | 182 | - | 226 |

October 8 Total Contracts 31,198
Calls 11,813 Puts 19,385
FT-SE Index Calls 2,105 Puts 16,095
Euro FT-SE Calls 45 Puts 333
*Underlying security price. †Long dated expiry months.
Equity premiums are based on closing offer prices.
Index options are settlement prices.

## TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ■ INDUSTRIALS | p | Cadburys | 33 | HSBC (75p shs) | 54 | Ratners | 4 | Brit Land | 33 |
| Allied-Lyons | 45 | Charter Cons. | 55 | Hanson | 17 | Reed Intl | 52 | Land Sec. | 53 |
| Amstrad | 3½ | Comm Union | 46 | ICI | 45 | Sears | 7½ | MEPC | 37 |
| Astec (BSR) | 3½ | Courtaulds | 42 | Ladbroke | 15 | SmKl Bchm A | 34 | ■ OILS | |
| BAT Inds | 30 | Eurotunnel | 40 | Legal & Gen | 36 | TI | 26 | Arcon Intl. | 6 |
| BOC | 49 | FKI | 12 | Lex Service | 34 | TSB | 15 | Aviva Pet | 9 |
| BT | 26 | FNFC | 9 | Lloyds Bank | 45 | Tesco | 17 | BP | 23 |
| BTR | 28 | Forte | 17 | Lonrho | 10½ | Thorn EMI | 75 | Burmah Castrol | 60 |
| Barclays | 38 | GKN | 40 | Lucas Inds | 12 | Tomkins | 18 | Premier Cons | 2½ |
| Blue Circle | 21 | Gen Accident | 52 | Marks Spencer | 27 | T & N | 16 | Shell | 46 |
| Boots | 40 | GEC | 25 | NatWest Bank | 28 | Unilever | 72 | ■ MINES | |
| Bowater | 37 | Glaxo | 40 | P & O Dfd | 50 | Vickers | 12 | RTZ | 82 |
| Brit Aerospace | 28 | Grand Met | 38 | Racal Elect | 20 | Wellcome | 82 | | |
| British Steel | 10 | GRE | 17 | Rank Org | 58 | ■ PROPERTY | | | |

## FT FIXED INTEREST INDICES

| | Oct 8 | Oct 7 | Oct 6 | Oct 5 | Oct 4 | Year ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| Govt Secs (UK) | 102.66 | 102.44 | 102.54 | 102.26 | 102.06 | 89.62 | 102.86 | 93.28 |
| Fixed Interest | 124.21 | 124.11 | 123.47 | 123.19 | 122.94 | 108.73 | 125.20 | 109.57 |

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

## GILT EDGED ACTIVITY

| | Gilt edged bargains* | 5-Day Average |
|---|---|---|
| Oct 7 | 90.8 | 98.3 |
| Oct 6 | 107.1 | 98.3 |
| Oct 5 | 103.9 | 104.3 |
| Oct 4 | 90.1 | 102.4 |
| Oct 1 | 95.2 | 108.3 |

* SE activity indices rebased 1974

# COMMODITIES

## WEEK IN THE MARKETS

# Inco comes to aid of nickel market

WITH PRICES falling by about 45 per cent over the past two years as production ran ahead of flagging demand, the nickel market had become the undisputed Cinderella of the London Metal Exchange. But a timely injection of confidence by Inco, the biggest producer, has ensured that it will present a less tattered appearance than might have been expected during LME Week, the exchange's annual shindig, which begins on Monday.

Thursday night's announcement by the Canadian company of a plan to cut production next year by 16 per cent, or about 5 per cent of western world output, confirmed rumours that had already helped to lift the market by 10 per cent from the 6¾-year lows reached a week ago.

Yesterday, with most of the bullish speculators resisting the temptation to cash in their chips, the three months delivery price put on another $75 to close at $4,562.50 a tonne, up $450 on the week.

"The producers had to do something," said Nick Moore, analyst at Ord Minnett, as there was no chance that next year's expected increase in nickel demand would amount to the 22 per cent needed bring the market back into balance.

"This is a good start," he said yesterday, referring to the Inco move, "but other companies will have to follow". It would not have been reasonable, he suggested, to have expected a much bigger cut from Inco because "if they had put up too big an umbrella others might have sheltered under it".

He calculated that output cuts of some 45,000 tonnes a year would have to be made before consumption started eating into excess stocks, which he estimated to be equivalent to 18 week's western world consumption. Inco's move would account for about 60 per cent of that, Mr Moore said, and he was confident that other companies would make inroads into the remainder.

Falconbridge, also of Canada and the second-biggest producer, was the obvious candidate. A six-month closure of its Falcondo operation in the in the Dominican republic would take another 16,000 tonnes out of the market, Mr Moore said. A further 17,000 tonnes might be removed if Sunday's election resulted in a new Greek government and an end to the series of reprieves that had kept the country's loss-making Larco company in operation, he said. Larco is the world's highest-cost nickel producer.

Another possibility was that some Japanese ferro-nickel producers might succumb to financial pressures caused by the strength of the yen, which had made nickel production even more unremunerative for them.

That is not to say that it is remunerative elsewhere. "No western producer is making money at these levels," said Mr Wiktor Bielski, analyst at Bain and Company, before the Inco announcement.

Inco itself lost $2.2m in the second quarter of this year, when the nickel price averaged $2.93 a lb – 86 cents higher than it is now, even after this week's rally.

Nickel's strength this week helped sentiment in the tin market, recently nickel's partner at the tail end of the LME batting order. With the rise being aided by short-covering purchases and a strike at Brazil's biggest producer the three-months price ended the week $285 higher at $4,722.50 a tonnes.

The zinc market flirted early in the week with the $920-a-tonne mark, for three-months metal. But that speculative surge soon ran out of steam and the price ended at $904.50 a tonne, up $9 on balance.

**LME WAREHOUSE STOCKS**
(As at Thursday's close)
tonnes

| | | |
|---|---|---|
| Aluminium | +6,350 | to 2,208,075 |
| Copper | -1,025 | to 600,700 |
| Lead | -250 | to 267,275 |
| Nickel | +48 | to 117,978 |
| Zinc | +1,475 | to 803,250 |
| Tin | -150 | to 20,935 |

In contrast, lead prices bounced from fresh 20-year lows as signs of consumer interest emerged. The rise, which was also fuelled by options activity, took the three-months price to $384.50 at yesterday's close, up $9 on the week.

At the London bullion market gold and platinum were outshone by silver, which ended 26 cents up on the week at 432,50 a troy ounce for immediate delivery. Dealers attributed the rise to speculative buying encouraged by the present supply deficit, despite the large US stockpile overhanging the market.

Among the soft commodities, it was cocoa's turn for a "correction" following a rise to long time highs. On Monday the December futures contract reached £983 a tonne, the highest level seen since May 1990. But the bulls' appeared to quail at the sight of the £1,000 barrier and after another abortive attempt on Tuesday to break upside resistance the rot set in.

In what analyst Lawrence Eagles of GNI, the London trade house, described as "blood-bath" the December price floundered to £911 before steadying yesterday to £913 a tonne, down £56 on the week.

Mr Eagles suggested that the final push to £983 had been fuelled by "the last of the bulls", and when there was no follow through the selling began in earnest.

Most traders still regard the cocoa market's long term prospects as bullish. But many believe the current retracement could take the price as low as £850 a tonne, and some £830, if March position support at £892 a tonne gives way.

The coffee market, which had already had its correction, following a sustained run-up, put in a steadier performance. The January futures price ended yesterday at $1,179 a tonne, up $7 on the week.

Traders told the Reuter news agency that the coffee market was still in the process of deciding which way to move next.

**Richard Mooney**

## FT-ACTUARIES FIXED INTEREST INDICES

| | PRICE INDICES | Fri Oct 8 | Day's change % | Thu Oct 7 | Accrued interest | xd adj. 1993 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years (25) | 128.10 | +0.14 | 128.93 | 2.29 | 8.58 |
| 2 | 5-15 years (22) | 166.78 | +0.37 | 166.20 | 2.26 | 10.12 |
| 3 | Over 15 years (9) | 177.61 | +0.69 | 176.98 | 1.61 | 8.70 |
| 4 | Irredeemables (6) | 209.30 | +0.19 | 208.91 | 3.83 | 8.83 |
| 5 | All stocks (62) | 152.26 | +0.34 | 151.74 | 2.19 | 9.61 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years (2) | 187.79 | +0.06 | 187.58 | 0.13 | 4.29 |
| 7 | Over 5 years (11) | 186.04 | +0.13 | 185.81 | 0.92 | 2.89 |
| 8 | All stocks (13) | 185.31 | +0.12 | 185.09 | 0.84 | 3.92 |
| 9 | Debs & Loans (66) | 144.42 | +0.40 | 143.84 | 2.09 | 8.61 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Oct 8 | Thu Oct 7 | Year ago (approx.) | 1993 High | | 1993 Low | |
|---|---|---|---|---|---|---|---|---|---|
| | British Government | | | | | | | | |
| 1 | Low | 5 years | 6.21 | 6.25 | 7.91 | 7.22 | 29/4 | 6.21 | 8/10 |
| 2 | Coupons | 15 years | 6.98 | 7.04 | 8.77 | 8.37 | 12/1 | 6.98 | 8/10 |
| 3 | (0%-7¾%) | 20 years | 7.11 | 7.15 | 9.00 | 8.64 | 20/1 | 7.10 | 13/9 |
| 4 | Medium | 5 years | 6.48 | 6.50 | 8.48 | 7.58 | 11/1 | 6.43 | 8/9 |
| 5 | Coupons | 15 years | 7.12 | 7.17 | 9.24 | 8.83 | 19/1 | 7.11 | 13/9 |
| 6 | (8%-10¾%) | 20 years | 7.18 | 7.23 | 9.36 | 9.05 | 20/1 | 7.16 | 8/10 |
| 7 | High | 5 years | 6.65 | 6.68 | 8.77 | 7.76 | 11/1 | 6.63 | 8/9 |
| 8 | Coupons | 15 years | 7.34 | 7.40 | 9.53 | 9.11 | 20/1 | 7.34 | 13/9 |
| 9 | (11%-) | 20 years | 7.38 | 7.41 | 9.57 | 9.20 | 20/1 | 7.38 | 13/9 |
| 10 | Irredeemables (Flat Yield) | | 7.27 | 7.28 | 9.41 | 9.06 | 20/1 | 7.26 | 13/9 |
| | Index-Linked | | | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 2.62 | 2.62 | 3.67 | 3.03 | 25/5 | 1.82 | 12/2 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.14 | 3.14 | 4.11 | 3.89 | 14/1 | 3.14 | 8/10 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 1.74 | 1.73 | 2.72 | 2.31 | 17/5 | 0.92 | 12/2 |
| 14 | Inflation rate 10% | Over 5 yrs. | 2.97 | 2.97 | 3.91 | 3.72 | 14/1 | 2.97 | 8/10 |
| 15 | Debs & | 5 years | 7.74 | 7.80 | 9.91 | 8.97 | 4/1 | 8.41 | 18/3 |
| 16 | Loans | 15 years | 8.06 | 8.09 | 10.58 | 9.94 | 19/1 | 9.14 | 10/3 |
| 17 | | 25 years | 8.19 | 8.22 | 10.07 | 10.10 | 19/1 | 9.38 | 10/3 |

# BNP expects to attract 1.3m private shareholders

By Alice Rawsthorn in Paris

BANQUE Nationale de Paris, the first candidate in the French government's privatisation programme, yesterday estimated that it would attract between 1.3m and 1.4m private shareholders.

Mr Pébereau, the chairman, earlier yesterday said that the final number of private investors should be "considerably" higher than the 1m goal by the time the public part of the BNP share sale closes next Tuesday.

The economy ministry this week announced that it was closing the institutional part of the issue because it was already more than 12 times subscribed after only two days. The BNP offer price at FFr240 ($42m) was lower than analysts had expected, thereby triggering a flood of applications.

However, the government is also anxious to encourage the French public to invest in BNP. This is partly because it hopes the BNP issue will set a successful precedent for future sales and partly because the Balladur administration hopes to use the privatisations to boost individual share ownership in France, where the public has traditionally been ambivalent about equity investment.

Under the original offer terms the public will be entitled to 37.5m shares in BNP, or 52 per cent of the 72m shares on sale, with 12.5m shares reserved for French institutions and 23.5m for foreign institutions. The government also has an option to clawback 9.5m extra shares for the public from the institutional tranche.

The government initially intended to allocate 40 shares to each individual investor, with an additional 40 for people converting their Balladur bonds intro shares. However, Mr Pébereau said the public response had been so strong that, even with the clawback, the number of shares given to individuals might have to be reduced.

# Shares in Dutch financial group soar

By Ronald van de Krol in Amsterdam

SHARES in ING, the Dutch financial services group, rose to a record level yesterday on news that the government had sold its stake of nearly 7 per cent in the company to a large domestic pension fund.

PGGM, the healthcare workers' pension fund, purchased the shares, worth Fl 1.27bn ($690m), as a long-term investment designed to realise its goal of bolstering its holdings in Dutch shares.

The transaction makes PGGM the largest single investor in ING, just ahead of insurance companies Aegon and Amev.

The 17.67m shares were sold for Fl 71.64 each, a discount of about Fl 3 to ING's average share price of Fl 74.66 in the 10 trading days up to October 5. The shares made further gains in the days leading up to the announcement.

The shares closed yesterday at Fl 77.90, up Fl 0.80 as traders welcomed the sale of shares that had been overhanging the market.

The state's stake of just under 7 per cent is a legacy of its holding in the Postbank which, through a series of mergers, is now part of ING.

The government had said that it would eventually reduce its stake but the timing was never specified.

The disposal comes after a strong run-up in the value of ING shares over the past year from their lows of Fl 42 in the autumn of 1992.

Other financial stocks like ABN-Amro Bank have also risen sharply in the same period.

# TCI adds twist to Paramount battle

By Martin Dickson in New York

THE COMPLEX takeover battle for Paramount Communications, the film and entertainment company, grew even more convoluted yesterday when Tele-Communications Inc, the largest cable service company in the US, announced plans to re-merge with Liberty Media, a company it spun off two years ago.

Liberty, which provides programming for the cable industry, is a large shareholder in QVC Network, the television home shopping company which is making a hostile $9.5bn bid for Paramount.

Liberty is making a new $500m investment in QVC to help it fund the Paramount bid, which is competing against an agreed offer from Viacom, a cable service and programming company, worth around $7.5bn.

Reacquiring Liberty would bring TCI much more closely into the battle for Paramount. This could reassure Wall Street that QVC, a much smaller company than Paramount, has the financial strength to wage what promises to be a long and costly battle, with both sides trying to attract support from other large communications companies.

TCI spun off Liberty in 1991 to comply with federal regulations limiting concentration in the cable television and programming industries, but the rules have turned out to be less stringent than the sector expected.

Links between the two companies have remained strong. TCI holds a 5 per cent stake in Liberty and TCI's chief executive, Mr John Malone, is chief executive of Liberty and its controlling shareholder.

The two groups said yesterday their boards had approved a combination in principle because it was difficult to monitor regulatory compliance as separate operations.

Viacom said this would have no effect on its plans to take over Paramount but added that the Liberty deal underscored the concerns it raised in a lawsuit against TCI, accusing Mr Malone of trying to monopolise the cable industry.

TCI said the proposed deal with Liberty would be structured as a tax-free exchange of Class A and B shares of both companies for like shares in a holding company yet to be formed. Its shareholders would receive one share of the new company for each of their shares, while Liberty holders would receive 0.975 of a new share for each of their shares.

# Nippon Oil lifts interim target

By Emiko Terazono in Tokyo

NIPPON OIL, Japan's largest distributor of petroleum products, has revised upwards its pre-tax profit forecast for the half year to September after firm sales of its high-priced high octane gasoline and foreign exchange gains.

Unlike the country's export oriented businesses which are facing sharp profit falls due to the strong yen, the rise in the currency has increased profit margins at Japanese companies which rely on imports, such as petroleum related companies and power utilities.

The company expects non-consolidated interim pre-tax profits to total Y19bn ($180m), Y4bn higher than its original forecast.

The figure, however, remains lower than the previous year's Y20.6bn due to a decline in financial gains.

For the whole year, pre-tax profits are expected to remain unchanged from the previous forecast of Y40bn, as the company revised down annual sales estimates to Y1,900bn from Y2,000bn. Sales are expected to decline due to the continuing slump in the economy and declines in wholesale prices.

● Osaka Gas, the country's second largest city gas supplier, meanwhile raised its pre-tax profit projection for the first six months to September by Y2.5bn to Y10.5bn, 46 per cent higher than the same period last year.

The company benefited from a cool summer, a higher yen and lower crude oil prices.

# Moody's may downgrade Turkish debt

By Sara Webb

THE Republic of Turkey may have its credit rating lowered from investment to sub-investment grade to reflect its deteriorating public finances.

Moody's, the international credit rating agency, announced yesterday that it has placed Turkey's long-term credit rating under review for possible downgrading. The decision has come at an awkward time for Turkey as it was hoping to launch a Eurosterling bond issue next week.

Turkey currently has a Baa3 credit rating, the lowest investment grade rating available from Moody's, which covers about $6.2bn of long-term debt.

Moody's cited "the steady deterioration of Turkey's public finances" as the reason for putting the rating under review, adding that the consolidated budget deficit in 1993 could exceed the 13.3 per cent of GDP reached in 1992, while inflation may be rising again.

# Daimler chief sees DM1.5bn nine-month loss at parent

By Christopher Parkes in Frankfurt

DAIMLER-BENZ'S Stuttgart-based parent company made a loss of DM1.5bn ($924m) in the first nine months of this year, according to Mr Edzard Reuter, group chairman.

The company, which recently announced a first-half deficit of DM949bn, would offer no further details on Mr Reuter's forecast, made in a television interview on Thursday.

However, officials confirmed that a DM1.5bn charge to cover the cost of job losses would all be taken in the third quarter instead of being spread over the second half as originally planned.

"If we record an operating loss for the third quarter then in any case the January to September loss will be more than DM1.5bn," a spokesman said. It was not clear if the turnround point had been reached.

The first half deficit, reported under US accounting standards adopted for the technology group's listing on the New York stock exchange earlier this month, included DM300m losses on exchange rates and an unspecified amount for job cuts, he added.

In common with other automotive industry stocks, the Daimler share price weakened in Frankfurt yesterday – down DM3.8 at DM744 – even though the blue chip Dax index closed at a record high.

Daimler, which includes Mercedes-Benz, the AEG group, Deutsche Aerospace and Debis financial and computer services, is in the middle of a radical cost-cutting programme.

# IRI sells SME division to FSVI for L307bn

By Robert Graham in Rome

IRI, the Italian state holding, has completed the second stage in the privatisation of SME, its agro-industrial group, by selling its canned foods, milk and edible oils division, Cirio-Bertolli-De Rica (Cbd), for L307bn ($192m).

The 62 per cent stake held by IRI has been bought by FSVI, an agro-industrial holding company with extensive interests in southern Italy where SME has been strongly rooted.

FSVI is 60 per cent owned by co-operatives in the Basilicata region, a further 20 per cent by regional financial institutions led by the state-owned Banco di Napoli and the remainder split between private shareholders.

IRI had hoped to sell this division in July in tandem with the disposal of Finitalgel, the frozen foods side of SME. However, the IRI board judged the offers insufficient. Since then there have been delicate negotiations brokered by US merchant bankers Wasserstein Perella. The Cbd sale brings earnings from disposal of the two SME divisions to L475bn.

The FSVI bid values Cbd shares at L1,102 each against a stock market quotation of L1,146 and an initial estimate of L1,370. In adjudicating the division to FSVI, IRI had to balance the strong pressure in the Naples area and southern Italy for Cbd to be in local hands against the claims of larger Italian and multinational groups.

Canned fruit, milk and tomatoes produced on co-operatives in Basilicata, Calabria, Campana and Puglia are important to the regional economies in terms of jobs and income.

# John Fairfax settles with Packer

By Nikki Tait in Sydney

JOHN FAIRFAX, the Australian publishing group, has settled outstanding obligations to Mr Kerry Packer's Consolidated Press (ConsPress) by effectively allowing the Australian businessman to increase his interest in Fairfax.

The cash obligations arose from a two-year-old deal, under which Mr Packer agreed to withdraw from the Tourang consortium which successfully acquired Fairfax for A$1.4bn in late-1991. Mr Packer's withdrawal came after the Australian Broadcasting Tribunal started an inquiry into whether his role in the consortium breached laws limiting investment of TV proprietors in newspapers.

Fairfax yesterday said that it would pay ConsPress A$60m (US$39m) "in full and final satisfaction of all its obligations" under the 1991 termination and release deed. However, it added that Nine Network, one of Mr Packer's publicly-quoted companies, had separately agreed to subscribe for 20m shares in Fairfax, at a cash price of $3 apiece.

From Fairfax's viewpoint, the arrangement means that there will be no net cash outlay. Nine Network, meanwhile, claimed to be showing a paper profit of around A$51m on its interest in Fairfax. The newly-acquired 20m shares bought its total stake in Fairfax to 52.89m shares – or about 7.7 per cent of the equity – and the average buy-in price was said to be A$2.07. Fairfax shares closed unchanged at $3.04 last night.

In addition to Nine Network's interest in Fairfax, some further shares are held by ConsPress. The total Packer interest in Fairfax, therefore, has risen from around 10.5 per cent to about 13 per cent.

# Valenciana sale sparks 42.5% increase at Aker

By Christopher Brown-Humes in Stockholm

AKER, the Norwegian cement and offshore technology group, announced a 42.5 per cent jump in profits after financial items to NKr526m ($74m) for the first eight months, against NKr369m in the same period last year.

This term's figure was flattered by a NKr702m exceptional gain stemming mainly from the sale of the group's stake in Valenciana, the Spanish cement producer.

The group said results for the full year would be "considerably better" than the NKr368m profit of last year.

Operating revenues in the first eight months were NKr11.86bn, compared with NKr11.49bn. The group swung to an operating profit of NKr518m from a NKr93m loss and it cut its financial expenses by NKr159m to NKr89m.

Cement and building materials saw sales slip to NKr3.92bn from NKr3.96bn, but the division made a profit after financial items of NKr191m, after a NKr53m loss.

Oil and gas technology was also back in profit, with a NKr343m surplus compared with a NKr193m loss.

# Metra finishes notes placement

METRA, the Finnish industrial conglomerate, has completed a private placement of preferred capital notes worth $100m to help pay off debt in what the group said was the first bond issue of its kind by a Finnish company outside the banking sector, writes Hugh Carnegy in Stockholm.

The notes, with a renewable maturity of 50 years, are subordinate to senior debt and carry no voting rights or equity options. But the interest paid has precedence over dividend payments.

The issue was lead managed by Nomura International, the Japanese investment bank.

# HK property developer rises 43%

By Simon Davies in Hong Kong

SUN HUNG KAI Properties, Hong Kong's largest property development company, yesterday announced a 43 per cent rise in net profit to HK$6.69bn (US$866m) for the year to June 1993, up from HK$4.68bn in 1992.

Profits were slightly above analysts' expectations, and were posted on turnover of HK$13.5bn, up from HK$10.7bn in 1992. Second-half earnings were boosted by the sale of the Kodak House building.

The outlook for earnings remains positive, despite recent moves by a number of banks to curb property speculation through restrictive lending practices. The majority of developments scheduled for completion in 1994 have already been pre-sold and during the year the group acquired 18 more sites, with a gross floor area of 6.3m sq ft.

Mr Walter Kwok, Sun Hung Kai's chairman, said: "Persistent high inflation, real increases in household income and low interest rates have made property prices still acceptable to Hong Kong people. The fundamental factors supporting the property market remain favourable."

The directors recommended a final dividend of 95 cents a share, representing a full-year payout of HK$1.40 a share, up from HK$1.14 in 1992.

# Detroit Diesel in $95m offer

DETROIT Diesel, the manufacturer of heavy duty diesel engines which is headed by Mr Roger Penske, the former racing car driver, came to the stock market yesterday with an initial public offering of shares which will raise some $95m, writes Martin Dickson.

The offering of 4.75m shares was priced at $20 a share, ahead of the $16 to $18 estimated in the preliminary prospectus, suggesting solid demand. Merrill Lynch is lead underwriter for the offering.

Detroit Diesel, formerly a lossmaking subsidiary of General Motors, has been turned around under Mr Penske's management.

# WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1993 | Low 1993 |
|---|---|---|---|---|---|
| Gold per troy oz. | $357.25 | +2.05 | $350.85 | $405.75 | $326.05 |
| Silver Per troy oz | 286.50 | +16.5 | 226.50p | 362.50p | 238.00p |
| Aluminium 99.7% (cash) | $1095.5 | -2.5 | $1186 | $1240.00 | $1082.00 |
| Copper Grade A (cash) | $1674.0 | -6.5 | [illegible] | $2375.00 | $1106.50 |
| Lead(cash) | $371.0 | +9.5 | £320.5 | $460.00 | $361.50 |
| Nickel (cash) | $4512.5 | +460 | $6515 | $6340 | $4043.5 |
| Zinc SHG (cash) | $889.5 | +10.5 | $1179.5 | $1112 | $868.0 |
| Tin (cash) | $4680.0 | +295.0 | $6245 | $6047.5 | $4340.0 |
| Cocoa Futures (Mar) | £915 | -64 | £667 | £968 | £663 |
| Coffee Futures (Jan) | $1173 | +1 | $855 | $1297 | $836 |
| Sugar (LDP Raw) | $266.5 | +8.6 | $226.5 | $317.4 | $204.5 |
| Barley Futures (Jan) | £103.75 | -0.90 | £126.50 | £110.30 | £101.50 |
| Wheat Futures (Jan) | £101.35 | -1.25 | £127.25 | £149.45 | £100.75 |
| Cotton Outlook A Index | 55.20c | -0.20 | 53.70c | 62.35c | 54.80c |
| Wool (64s Super) | 323p | | 413p | 403p | 319p |
| Oil (Brent Blend) | $17.19x | -0.16 | $20.75 | $19.53 | $15.685 |

Per tonne unless otherwise noted. p-pence/kg. c-cents lb. x-Nov.

## London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB)(Nov) | | + or - |
| Dubai | $15.03-5.13z | +0.020 |
| Brent Blend (dated) | $16.95-6.97 | +0.050 |
| Brent Blend (Nov) | $17.18-7.20 | +0.030 |
| W.T.I (1 pm est) | $18.50-8.52z | +0.040 |
| Oil products (NWE prompt delivery per tonne CIF | | + or - |
| Premium Gasoline | $187-189 | |
| Gas Oil | $178-179 | |
| Heavy Fuel Oil | $60-62 | |
| Naphtha | $158-160 | |
| Petroleum Argus Estimates | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $357.25 | -0.45 |
| Silver (per troy oz)♣ | 432.5c | -2.5 |
| Platinum (per troy oz) | $361.75 | -1.60 |
| Palladium (per troy oz) | $126.90 | +0.05 |
| Copper (US Producer) | 85.5c | |
| Lead (US Producer) | 33.50c | |
| Tin (Kuala Lumpur market) | 11.62m | +0.49 |
| Tin (New York) | 215.5c | +6.0 |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 114.86p | -5.00* |
| Sheep (live weight)†♠ | 79.60p | -1.38* |
| Pigs (live weight)† | 60.50p | -0.81* |
| London daily sugar (raw) | $266.5 | -5.9 |
| London daily sugar (white) | $290.0 | -3.5 |
| Tate and Lyle export price | £286.0 | -4.0 |
| Barley (English feed) | Unq | |
| Maize (US No. 3 yellow) | £120u | |
| Wheat (US Dark Northern) | £166.5u | |
| Rubber (Nov)♥ | 58.75p | -0.50 |
| Rubber (Dec)♥ | 59.00p | -0.50 |
| Rubber (KL RSS No 1 Jul) | 201.5m | +0.5 |
| Coconut oil (Philippines)§ | $410.0v | +2.5 |
| Palm Oil (Malaysian)§ | $322.5z | -7.5 |
| Copra (Philippines)§ | $270.0 | |
| Soyabeans (US) | £167.0u | +1.0 |
| Cotton "A" Index | 55.20c | |
| Wooltops (64s Super) | 323p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Nov/Dec u-Oct t-Sep/Oct x-Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

| CRUDE OIL – IPE | Close | Previous | High/Low ($/barrel) |
|---|---|---|---|
| Nov | 17.18 | 17.16 | 17.23 17.09 |
| Dec | 17.36 | 17.36 | 17.41 17.28 |
| Jan | 17.50 | 17.51 | 17.51 17.43 |
| Feb | 17.56 | 17.62 | 17.65 17.56 |
| Mar | 17.68 | 17.66 | 17.74 17.66 |
| Apr | 17.71 | | 17.71 |
| May | 17.85 | | 17.85 |
| Jun | 17.90 | | 17.90 |
| IPE Index | 17.14 | 17.14 | 17.14 |

Turnover 18244 (26352)

| GAS OIL – IPE | Close | Previous | High/Low ($/tonne) |
|---|---|---|---|
| Oct | 172.25 | 173.50 | 173.50 172.00 |
| Nov | [illegible] | 174.00 | 174.25 172.25 |
| Dec | 173.60 | 174.50 | 174.75 173.00 |
| Jan | 173.25 | 174.50 | 174.25 172.75 |
| Feb | 172.50 | [illegible] | 173.00 172.00 |
| Mar | 170.75 | 171.50 | 171.25 170.50 |
| May | 167.00 | 166.25 | 167.50 167.00 |
| Jun | 165.50 | 166.75 | 165.50 |
| Jul | 167.00 | 167.75 | 167.00 |

Turnover 14164 (13148) lots of 100 tonnes

| SUGAR – LCE ($ per tonne) White | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 282.10 | 280.80 | 282.50 279.50 |
| Mar | 283.50 | 282.40 | 283.80 281.90 |
| May | 285.50 | 285.40 | 286.00 284.50 |
| Aug | 289.30 | 289.40 | 289.80 289.00 |
| Oct | 281.90 | 281.10 | 282.10 280.90 |

Turnover 2283 (1378) Paris- White (FFr per tonne): Dec 1595.42 Mar 1620.65

**SPICES**
Black pepper prices were firmer while whites held steady, reports Man Producten. Black: Indonesia increased the price for Lampong Asta a couple of cents. Indians were also steady, with the export tax set at 2 per cent for another year. White: Steady: Market remains thin with exporters afraid to offer for fear of being squeezed by speculators at origin. White prices: Muntok/Sarawak f.a.q. September/October US$3,450 a tonne, spot $3,500. Black prices: Sarawak black label spot $1,750 a tonne, September/October $1,650; yellow label spot $1,600; Brazil Grade 1 spot $1,675; India MG-1, spot $1,700; Thai f.a.q. spot $1,650.

| No.7 RAW SUGAR – LCE (cents/lbs) | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 10.93 | 10.73 | 10.90 10.85 |
| May | 11.09 | 11.10 | 11.09 11.00 |
| Jul | 11.36 | 11.20 | 11.40 11.35 |

Turnover 846 (331) lots of 50 tonnes.

| COCOA – LCE (£/tonne) | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 884 | 879 | 899 880 |
| Mar | 915 | 911 | [illegible] |
| May | 919 | 919 | 933 915 |
| Jul | 920 | 923 | 930 920 |
| Sep | 923 | 928 | 932 924 |
| Dec | 925 | 925 | 930 919 |
| Mar | 920 | 924 | 931 919 |
| May | 923 | 927 | 930 920 |
| Jul | 927 | | 932 |
| Sep | 930 | 936 | 938 935 |

Turnover: 9502 (14981) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 7 878.50 (927.81) 10 day average for Oct 8 917.21 (921.38)

| COFFEE – LCE ($/tonne) | Close | Previous | High/Low |
|---|---|---|---|
| Nov | 1165 | 1151 | 1172 1143 |
| Jan | 1178 | 1161 | 1185 1156 |
| Mar | 1173 | 1157 | 1172 1153 |
| May | 1166 | 1152 | 1166 1150 |
| Jul | 1168 | | 1170 1165 |
| Sep | 1168 | | 1170 |

Turnover: 1819 (2133) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 7 Comp. daily 65.79 (65.54) 15 day average 69.08 (70.08)

| POTATOES – LCE (£/tonne) | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 89.7 | 90.9 | 91.0 89.5 |

Turnover 116 (126) lots of 20 tonnes.

| FREIGHT – LCE ($10/index point) | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 1426 | 1430 | 1426 1425 |
| Nov | 1445 | 1435 | 1445 |
| Dec | 1440 | | 1440 |
| Jan | 1436 | [illegible] | 1440 1435 |
| BFI | 1395 | 1402 | 1395 |

Turnover 89 (57)

| GRAINS – LCE (£/tonne) Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Nov | 100.00 | 100.00 | 99.95 99.75 |
| Jan | 101.35 | 101.30 | 101.35 101.25 |
| Mar | 103.40 | 103.50 | 103.50 103.00 |
| May | 105.15 | 105.50 | 105.40 105.00 |
| Sep | 92.50 | | 92.50 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Nov | 101.65 | 101.75 | 101.75 101.50 |
| Jan | 103.75 | 104.00 | 103.75 103.50 |
| Mar | 105.70 | 105.75 | 105.75 105.50 |
| May | 107.45 | | 107.25 |

Turnover: Wheat401 (212) Barley 151 (52)
Turnover lots of 100 Tonnes.

| LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading) | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| Aluminium, 99.7% purity ($ per tonne) | | | | | | Total daily turnover 32,653 lots |
| Cash | 1095-6 | 1091.5-2.5 | | 1089.5-90.5 | | |
| 3 months | 1115-5.5 | 1111.5-2.0 | 1119/1109 | 1110-10.5 | 1118-8.5 | 241,301 lots |
| Copper, Grade A ($ per tonne) | | | | | | Total daily turnover 35,556 lots |
| Cash | 1673.5-4.5 | 1674-5 | 1676.5/1676 | 1675-6 | | |
| 3 months | 1698.5-7.5 | 1697-7.5 | 1700/1691 | 1698-9 | 1699-700 | 171,387 lots |
| Lead ($ per tonne) | | | | | | Total daily turnover 858 lots |
| Cash | 370.5-1.5 | 365-6 | | 367-7.5 | | |
| 3 months | 384-5 | 379-9.5 | 385/381 | 381-1.5 | 384.5-5.0 | 22,846 lots |
| Nickel ($ per tonne) | | | | | | Total daily turnover 8,996 lots |
| Cash | 4510-5 | 4435-40 | 4550/4530 | 4540-5 | | |
| 3 months | 4580-5 | 4485-90 | 4595/4490 | 4580-5 | 4580-70 | 46,933 lots |
| Tin ($ per tonne) | | | | | | Total daily turnover 6,052 lots |
| Cash | 4675-85 | 4605-10 | | 4785-95 | | |
| 3 months | 4720-5 | 4650-55 | 4885/4840 | 4830-40 | 4945-50 | 11,124 lots |
| Zinc, Special High Grade ($ per tonne) | | | | | | Total daily turnover 8,841 lots |
| Cash | 889-90 | 890-1 | 889 | 889-9.5 | | |
| 3 months | 904-5 | 905-6 | 909/904 | 904-4.5 | 909-10 | 82,351 lots |

LME Closing £/$ rate:
SPOT: 1.5355 3 months: 1.5281 6 months: 1.5173 9 months: 1.5104

LME AM Official £/$ spot rate 1.5333

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

| Gold (troy oz) | $ price | £ equivalent |
|---|---|---|
| Close | 357.00-357.50 | |
| Opening | 357.30-357.70 | |
| Morning fix | 357.85 | 234.671 |
| Afternoon fix | 356.50 | 233.779 |
| Day's high | 358.90-360.00 | |
| Day's low | 356.60-357.00 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 2.78 | 6 months | 2.70 |
| 2 months | 2.72 | 12 months | 2.70 |
| 3 months | 2.68 | | |

| Silver fix | p/troy oz | US cts equiv |
|---|---|---|
| Spot | 286.50 | 436.50 |
| 3 months | 290.35 | 439.60 |
| 6 months | 294.40 | 443.35 |
| 12 months | 302.05 | 450.90 |

| GOLD COINS | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 357.00-360.00 | 234.00-237.00 |
| Maple leaf | 368.70-370.95 | - |
| New Sovereign | 84.00-87.00 | 55.00-58.00 |

TRADED OPTIONS

| Aluminium (99.7%) Strike price $ tonne | Calls Nov | Calls Feb | Puts Nov | Puts Feb |
|---|---|---|---|---|
| 1075 | 33 | 61 | 5 | 11 |
| 1100 | 17 | 44 | 13 | 19 |
| 1125 | 7 | 30 | 28 | 30 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 1650 | 51 | 92 | 15 | 33 |
| 1700 | 24 | 63 | 38 | 54 |
| 1750 | 9 | 42 | 73 | 82 |
| **Coffee LCE** | **Nov** | **Jan** | **Nov** | **Jan** |
| 1100 | 78 | 114 | 14 | 38 |
| 1150 | 48 | 85 | 31 | 57 |
| 1200 | 25 | 61 | 60 | 83 |
| **Cocoa LCE** | **Dec** | **Mar** | **Dec** | **Mar** |
| 875 | 40 | 85 | 31 | 45 |
| 900 | 30 | 71 | 46 | 56 |
| 925 | 21 | 58 | 62 | 68 |
| **Brent Crude** | **Nov** | **Dec** | **Nov** | **Dec** |
| 1700 | 19 | 61 | 3 | 24 |
| 1750 | 1 | 33 | 32 | 47 |
| 1800 | | 16 | - | 76 |

## New York

| GOLD 100 troy oz.; $/troy oz. | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 358.9 | 356.8 | 360.5 | 360.5 |
| Nov | 360.5 | 357.5 | 0 | 0 |
| Dec | 361.5 | 358.5 | 362.2 | 358.6 |
| Feb | 363.2 | 360.2 | 363.5 | 361.4 |
| Apr | 364.9 | 361.9 | 364.4 | 363.4 |
| Jun | 366.6 | 363.6 | 366.0 | 363.6 |
| Aug | 368.3 | 365.4 | 0 | 0 |
| Oct | 370.1 | 367.2 | 0 | 0 |
| Dec | 371.9 | 369.0 | 372.3 | 371.2 |

| PLATINUM 50 troy oz; $/troy oz. | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 362.4 | 361.7 | 0 | 0 |
| Nov | 363.0 | 363.0 | 0 | 0 |
| Jan | 364.1 | 363.4 | 365.8 | 361.1 |
| Apr | 365.8 | 365.2 | 367.0 | 364.5 |
| Jul | 366.9 | 366.4 | 369.0 | 366.5 |
| Oct | 368.4 | 367.9 | 368.0 | 368.0 |

| SILVER 5,000 troy oz; cents/troy oz. | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | [illegible] | 436.2 | 0 | 0 |
| Nov | 435.8 | [illegible] | 0 | 0 |
| Dec | 436.0 | 436.3 | 440.0 | 430.0 |
| Jan | 437.2 | 439.5 | 0 | 0 |
| Mar | 440.2 | 442.6 | [illegible] | 434.5 |
| May | 443.1 | 445.6 | 443.0 | 441.0 |
| Jul | 445.5 | 448.5 | 448.0 | 443.0 |
| Sep | 446.6 | 451.3 | 446.0 | 446.0 |
| Dec | 453.0 | 456.8 | 451.0 | 448.0 |
| Jan | 454.2 | 457.0 | 0 | 0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 74.80 | 74.50 | 75.10 | 74.80 |
| Nov | 75.25 | 74.85 | 75.30 | 75.30 |
| Dec | 75.80 | 75.20 | 75.95 | 75.40 |
| Jan | 75.85 | 75.45 | 76.05 | 75.75 |
| Feb | 76.15 | 75.75 | 0 | 0 |
| Mar | 76.40 | 76.00 | 76.75 | 76.30 |
| Apr | 76.65 | 76.25 | 0 | 0 |
| May | 76.90 | 76.50 | 77.20 | 76.85 |
| Jun | 77.15 | 76.75 | 0 | 0 |
| Jul | 77.40 | 77.00 | 77.70 | 77.40 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | Latest | Previous | High | Low |
|---|---|---|---|---|
| Nov | 18.49 | 18.49 | 18.52 | 18.38 |
| Dec | 18.68 | 18.66 | 18.70 | 18.58 |
| Jan | 18.78 | 18.80 | 18.80 | 18.71 |
| Feb | 18.92 | 18.92 | 18.91 | 18.82 |
| Mar | 19.02 | 19.02 | 19.00 | 18.92 |
| Apr | [illegible] | 19.10 | 19.07 | 19.00 |
| May | 19.14 | [illegible] | 19.17 | 19.08 |
| Jun | 19.22 | 19.25 | 19.20 | 19.18 |
| Jul | 19.21 | 19.30 | 19.25 | 19.23 |
| Aug | 19.26 | 19.35 | [illegible] | 19.28 |

| HEATING OIL 42,000 US galls, cents/US galls | Latest | Previous | High | Low |
|---|---|---|---|---|
| Nov | 55.75 | [illegible] | 55.90 | 55.45 |
| Dec | 56.60 | 56.76 | 56.75 | 56.35 |
| Jan | 57.10 | 57.16 | 57.17 | 56.80 |
| Feb | 57.10 | 57.06 | 57.10 | 56.75 |
| Mar | 56.00 | 56.01 | 57.00 | 55.60 |
| Apr | 54.76 | 54.76 | 0 | 0 |
| May | 53.70 | 53.66 | 53.70 | 53.70 |
| Jun | 54.80 | 53.11 | 0 | 0 |
| Jul | 53.15 | 53.23 | 0 | 0 |
| Aug | 53.83 | 53.63 | 0 | 0 |

| COCOA 10 tonnes;$/tonnes | Close | Previous | High | Low |
|---|---|---|---|---|
| Dec | 1124 | 1118 | 1137 | 1112 |
| Mar | 1160 | [illegible] | 1175 | 1162 |
| May | 1178 | 1174 | 1195 | 1174 |
| Jul | [illegible] | 1192 | 1203 | 1192 |
| Sep | 1215 | 1209 | 1226 | 1215 |
| Dec | 1227 | 1221 | 1231 | 1227 |
| Mar | 1237 | 1231 | 0 | 0 |
| May | 1252 | 1246 | 1246 | 1244 |
| Jul | 1265 | 1259 | 0 | 0 |
| Sep | 1266 | 0 | 1266 | [illegible] |

| COFFEE "C" 37,500lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Dec | 74.10 | 72.05 | 74.30 | 72.30 |
| Mar | 76.60 | 74.55 | 76.70 | 75.10 |
| May | 77.90 | 75.80 | 77.90 | 76.60 |
| Jul | 79.20 | 77.10 | 78.85 | 78.85 |
| Sep | 80.50 | 78.40 | 80.00 | 79.40 |
| Dec | 82.70 | 80.60 | 81.50 | 81.50 |
| Mar | 85.75 | 84.00 | 0 | 0 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Mar | 10.73 | 10.60 | 10.74 | 10.61 |
| May | 10.84 | 10.75 | 10.84 | 10.74 |
| Jul | 10.90 | 10.82 | 10.80 | 10.79 |
| Oct | 10.92 | 10.82 | 10.86 | 10.82 |

| COTTON 50,000 lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Dec | 59.85 | 58.88 | 60.05 | 58.62 |
| Mar | 61.37 | 60.27 | 61.40 | 60.25 |
| May | 61.95 | 60.90 | 61.95 | 61.50 |
| Jul | 62.80 | 61.58 | 62.80 | 62.25 |
| Oct | 61.50 | 61.75 | 0 | 0 |
| Dec | 62.50 | 61.75 | 62.40 | 62.00 |
| Mar | 63.00 | 62.50 | 0 | 0 |

| ORANGE JUICE 15,000 lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Nov | 128.30 | 128.60 | 129.75 | 127.25 |
| Jan | 129.55 | 129.85 | 131.00 | 128.75 |
| Mar | 130.00 | 131.35 | 131.80 | 130.00 |
| May | 132.15 | 132.35 | 133.25 | 131.50 |
| Jul | 133.15 | 133.35 | 133.15 | 133.15 |
| Sep | 133.65 | 133.85 | 133.65 | 133.65 |
| Nov | 132.15 | 132.35 | 0 | 0 |
| Jan | 132.15 | 132.35 | 0 | 0 |
| Mar | 132.15 | 132.35 | 0 | 0 |

**INDICES**

| REUTERS (Base:September 18 1931 = 100) | Oct 8 | Oct 7 | mnth ago | yr ago |
|---|---|---|---|---|
| | 1573.3 | 1574.6 | 1634.8 | 1560.9 |
| **DOW JONES (Base: Dec. 31 1974 = 100)** | **Oct 7** | **Oct 6** | **mnth ago** | **yr ago** |
| Spot | 116.38 | 117.96 | 122.44 | 113.75 |
| Futures | 125.83 | 125.40 | 127.10 | 114.85 |

## Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | Close | Previous | High | Low |
|---|---|---|---|---|
| Nov | 608/6 | 610/4 | 613/0 | 607/4 |
| Jan | 615/2 | 617/2 | 619/6 | 614/4 |
| Mar | 621/4 | 623/4 | 626/0 | 620/6 |
| May | 625/2 | 628/0 | 629/2 | 624/4 |
| Jul | 629/4 | 631/2 | 633/4 | 628/0 |
| Aug | 628/4 | 630/6 | 631/0 | 628/0 |
| Sep | 619/0 | 620/4 | 622/4 | 619/0 |
| Nov | 611/4 | 612/6 | 614/0 | 610/4 |

| SOYABEAN OIL 60,000 lbs; cents/lb | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 22.30 | 22.50 | 22.60 | 22.25 |
| Dec | 22.47 | 22.61 | 22.69 | 22.43 |
| Jan | 22.59 | 22.70 | 22.77 | 22.55 |
| Mar | 22.76 | 22.83 | 22.89 | 22.70 |
| May | 22.82 | 22.85 | 22.95 | 22.78 |
| Jul | 22.83 | 22.80 | 22.97 | 22.75 |
| Aug | 22.65 | 22.65 | 22.65 | 22.65 |
| Sep | 22.60 | 22.56 | 22.70 | 22.60 |

| SOYABEAN MEAL 100 tons; $/ton | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 190.1 | 190.3 | 191.4 | 189.5 |
| Dec | 189.7 | 189.5 | 190.7 | 188.9 |
| Jan | 189.7 | 190.3 | 191.2 | 189.4 |
| Mar | 190.7 | 191.4 | 192.5 | 190.2 |
| May | 191.5 | 192.6 | 193.6 | 191.3 |
| Jul | 193.3 | 194.5 | 195.5 | 193.2 |
| Aug | 193.5 | 194.6 | 195.5 | 193.5 |
| Sep | 193.6 | 194.5 | 195.5 | 193.6 |

| MAIZE 5,000 bu min; cents/56lb bushel | Close | Previous | High | Low |
|---|---|---|---|---|
| Dec | 241/6 | 241/4 | 243/0 | 240/4 |
| Mar | 250/2 | 249/4 | 250/6 | 248/6 |
| May | 255/0 | 254/0 | 255/2 | 253/4 |
| Jul | 258/0 | 256/6 | 258/2 | 256/4 |
| Sep | 252/6 | 251/4 | 253/0 | 252/0 |
| Dec | 247/0 | 245/4 | 247/4 | 246/0 |
| Mar | 253/4 | 252/0 | 0 | 0 |

| WHEAT 5,000 bu min; cents/60lb-bushel | Close | Previous | High | Low |
|---|---|---|---|---|
| Dec | 322/0 | 322/4 | 323/0 | 321/0 |
| Mar | 326/2 | 326/2 | 327/2 | 325/0 |
| May | 321/6 | 321/0 | 323/2 | 321/0 |
| Jul | 311/2 | 310/0 | 311/6 | 309/4 |
| Sep | [illegible] | 315/0 | 316/0 | 316/0 |
| Dec | 323/6 | 324/0 | 323/6 | 323/6 |

| LIVE CATTLE 40,000 lbs; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 70.925 | 72.050 | 72.050 | 70.900 |
| Dec | 72.725 | 73.925 | 73.975 | 72.700 |
| Feb | 73.975 | 74.725 | 74.900 | 73.950 |
| Apr | 75.125 | 75.875 | 75.950 | 75.100 |
| Jun | 71.825 | 72.400 | 72.500 | 71.800 |
| Aug | 70.525 | 71.100 | 71.300 | 70.500 |
| Oct | 71.075 | 71.650 | 71.500 | 71.075 |

| LIVE HOGS 40,000 lb; cents/lbs | Close | Previous | High | Low |
|---|---|---|---|---|
| Oct | 49.800 | 48.850 | 49.900 | 49.300 |
| Dec | 50.800 | 50.475 | 50.900 | 50.100 |
| Feb | 50.400 | 49.950 | 50.500 | 49.700 |
| Apr | 47.850 | 47.500 | 48.100 | 47.400 |
| Jun | 52.150 | 51.850 | 52.300 | 51.700 |
| Jul | 51.050 | 50.500 | 51.100 | 50.400 |
| Aug | 49.600 | 49.175 | 49.650 | 49.050 |
| Oct | 45.600 | 45.300 | 45.650 | 45.200 |

| PORK BELLIES 40,000 lbs; cents/lb | Close | Previous | High | Low |
|---|---|---|---|---|
| Feb | 58.150 | 57.900 | 58.600 | 57.700 |
| Mar | 58.050 | 57.700 | 58.200 | 57.450 |
| May | 57.700 | 57.150 | 58.200 | 57.700 |
| Jul | 57.775 | 57.200 | 57.900 | 57.400 |
| Aug | 55.850 | 55.775 | 55.850 | 55.700 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGE

# Dollar plunges on jobs data

DISAPPOINTING US employment figures quashed hopes that the US economy might be back on track yesterday and sent the dollar down sharply against a wide range of currencies *writes Peter John*.

Initially, the rise in the non-farm payroll data was as expected. A poll of 30 economists pointed to a rise of 155,000 in September employment compared with an August contraction of 39,000 jobs. The final figure came in at 156,000 and the August figure was revised down by only 2,000 to a fall of 41,000.

However, when the figures were released at 1.30pm European time, the dollar sank more than two pfennigs against the D-Mark and lost around a cent against the Japanese yen and sterling.

Economists said a breakdown of the data showed that more than half of September's rise represented teachers returning to work after the school break. Also, there had been widespread hope that the August figure might have been revised upwards as it clashed with household employment data showing a rise of 409,000.

Mr George Magnus, chief economist with S.G. Warburg said: "It is a very sluggish employment picture which means weak income growth and weak consumer sales."

The figures benefited the Treasury market, which quakes at prospects of increasing inflation, but failed to help the dollar, which S.G. Warburg sees falling below DM1.60 soon.

The US currency was further hit by some heavy expiry of D-Mark/dollar options. The expiry was estimated at more than $1bn and prompted dealers to sell dollars to hedge their positions. The dollar plunged to a low of DM.6010. By the end of official dealing in London it had recovered some lost territory to close at DM1.6040, down from DM1.6230. It fell below Y105 against the Yen at one stage but closed at Y105.50, up from Y105.10 previously and sterling was stronger at $1.5360, up from $1.5225.

The D-Mark was generally strong, particularly against the French franc whose weakness reflected the rate cut dilemma of the Bank of France. The central bank desperately needs to ease monetary policy to invigorate the economy but has been thwarted by pressure on the currency. Yesterday, the D-Mark rose to FFr3.5070 from FFr3.5010 previously.

The Italian Lira also suffered, slipping to L995 against the German currency before a a tighter repo helped stabilise it for a close at L990, down from L987.4

Sterling straddled the Dollar/D-Mark divide, falling half a pfennig against the D-Mark to DM2.4650 but gaining nearly one and a half cents against the dollar.

### £ IN NEW YORK

| Oct 8 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.5350-1.5360 | 1.5225 1.5235 |
| 1 month | 0.36-0.35pm | 0.37 0.35pm |
| 3 months | 0.96-0.94pm | 1.78 1.73pm |
| 12 months | 3.17-3.10pm | 3.13 3.03pm |

Forward premiums and discounts apply to the US dollar

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Oct 8 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator‡ |
|---|---|---|---|---|---|
| Dutch Guilder | 2.19672 | 2.14019 | -2.57 | 6.57 | - |
| D-Mark | 1.94964 | 1.90345 | -2.37 | 6.35 | - |
| Irish Punt | 0.808628 | 0.808085 | -0.07 | 3.90 | 0 |
| Spanish Peseta | 154.250 | 155.211 | 0.62 | 3.19 | -4 |
| French Franc | 6.53883 | 6.68005 | 2.16 | 1.69 | -16 |
| Portuguese Escudo | 192.854 | 197.068 | 2.19 | 1.61 | -15 |
| Belgian Franc | 40.2123 | 41.3627 | 2.86 | 0.94 | -21 |
| Danish Krone | 7.43679 | 7.72150 | 3.83 | 0.00 | -26 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

### POUND SPOT - FORWARD AGAINST THE POUND

| Oct 8 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.5210 - 1.5370 | 1.5355 - 1.5365 | 0.36-0.34cpm | 2.73 | 0.97-0.94pm | 2.49 |
| Canada | 2.0305 - [illegible] | [illegible] | 0.28-0.21cpm | 1.44 | 0.62-0.48pm | 1.09 |
| Netherlands | 2.7615 - [illegible] | [illegible] - 2.7760 | [illegible] | -0.81 | [illegible] | -0.72 |
| Belgium | 53.45 - 53.95 | 53.45 - 53.55 | 14-22cdis | -4.04 | 42-53dis | -3.55 |
| Denmark | 9.9795 - 10.0545 | 9.9990 - 10.0090 | [illegible] | -4.13 | [illegible] | -3.90 |
| Ireland | 1.0435 - 1.0505 | 1.0470 - 1.0480 | 0.07-0.11cdis | -1.03 | 0.20-0.25dis | -0.86 |
| Germany | 2.4610 - 2.4725 | 2.4625 - 2.4675 | [illegible] | -0.91 | [illegible] | -0.91 |
| Portugal | 254.45 - [illegible] | [illegible] | 122-138cdis | -6.14 | 347-387dis | -5.75 |
| Spain | 200.15 - 202.10 | 200.45 - 200.75 | 78-86cdis | -4.97 | 212-237dis | -4.48 |
| Italy | 2430.95 - [illegible] | [illegible] | [illegible] | [illegible] | 16-18dis | -2.70 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### STERLING INDEX

[illegible]

### CURRENCY RATES

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### OTHER CURRENCIES

[illegible]

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

### EURO-CURRENCY INTEREST RATES

[illegible]

### EXCHANGE CROSS RATES

| Oct 8 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. |
|---|---|---|---|---|---|---|---|
| £ | 1 | 1.536 | 2.465 | 182.0 | 8.645 | 2.158 | 2.770 |
| $ | 0.651 | 1 | 1.605 | 105.5 | 5.628 | 1.409 | 1.803 |
| DM | 0.406 | 0.623 | 1 | 65.72 | 3.507 | 0.875 | 1.124 |
| YEN | 6.173 | 9.461 | 15.22 | 1000. | 53.36 | 13.32 | 17.10 |
| F Fr. | 1.157 | 1.777 | 2.851 | 187.4 | 10. | 2.496 | 3.204 |
| S Fr. | 0.463 | 0.712 | 1.142 | 75.07 | 4.006 | 1 | 1.284 |
| N Fl. | 0.361 | 0.555 | 0.890 | 58.48 | 3.121 | 0.779 | 1 |
| Lira | 0.410 | 0.630 | 1.011 | 66.45 | 3.546 | 0.885 | 1.136 |
| C $ | 0.489 | 0.751 | 1.205 | 79.22 | 4.227 | 1.055 | 1.355 |
| B Fr. | 1.869 | 2.871 | 4.607 | 302.8 | 16.16 | 4.034 | 5.178 |
| Pta | 0.499 | 0.766 | 1.229 | 80.78 | 4.310 | 1.076 | 1.381 |
| Ecu | 0.787 | 1.178 | 1.890 | 124.2 | 6.630 | 1.655 | 2.124 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesetas per 100.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.5360 | 1.5325 | 1.5265 | 1.5185 | 1.5054 |
| D-mark | 2.4650 | 2.4674 | 2.4708 | 2.4743 | 2.4740 |
| French Fr. | 8.6450 | 8.6462 | 8.6480 | 8.6501 | 8.6511 |
| Swiss Fr. | 2.1575 | 2.1557 | 2.1513 | 2.1445 | 2.1282 |
| Yen | 162.00 | 161.51 | 160.65 | 159.45 | 157.24 |

### POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.5360 | 1.5325 | 1.5265 | 1.5185 | 1.5054 |

## MONEY MARKETS

# Short rates stay low

MONETARY conditions in the UK continued in relaxed style at the end of the first week of the new quarter with *short-term money* rates staying low and the day's liquidity shortage easily dealt with, *writes Peter John*.

Meanwhile, short sterling futures remained in the wings with volumes low and the range staying tight.

**UK clearing bank base lending rate**
**6 per cent**
**from January 26, 1993**

At the start of trading yesterday, the Bank of England forecast a cash shortage for the clearing banks of around £1.1bn. The figure was below the high levels seen earlier in the week but still higher than the norm.

Most of the shortage was dealt with immediately as the central bank bought £950m of treasury bills for repurchase by the market on November 1 at 5 29/32 per cent interest. Shortly afterwards, the Bank bought £61m of Bands One and Two bills at 5⅞ per cent.

In the afternoon, the shortage was revised upwards to £1.15bn and the Bank provided a further £164m, taking total help for the day to £1.075bn.

The comfortable monetary conditions saw overnight rates falling as low as 3½ per cent at one stage. However, those conditions are unlikely to continue next week and dealers said they were seeing the Monday-for-Tuesday rate quoted as high as 6 5/16 per cent.

Short sterling held within a four-basis point range as one dealer commented: "We're all waiting to see what the weekend press has to say about John Major's speech." Certainly, the Prime Minister's speech itself, the key point of the Tory Party conference, carried little in the way of market sensitive information and while the most heavily traded futures contract is discounting a third of a percentage point off base rates few believe that further cuts will be made before the November budget.

The December contract rose 2 basis points to 94.38, the high of the day, on turnover of less than 12,000 lots.

● German call money remained steady at around 6.82 per cent with some light demand from banks looking to build up reserves ahead of the weekend.

Dealers said banks would lose liquidity as yesterday was the pay date for some DM1.2bn of bonds issued earlier in the week by the central bank of Lower Saxony. However, the volume was not high enough to put significant pressure on the market.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Oct 8) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 3¼ | offer 3⅜ | bid 3¼ | offer 3⅜ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** — Treasury Bills and Bonds

| Lunchtime | | | | | |
|---|---|---|---|---|---|
| Prime rate | 6 | One month | 3.08 | Three year | 4.04 |
| Broker loan rate | [illegible] | Two month | 3.07 | Five year | 4.62 |
| Fed.funds | 2⅞ | Three month | 3.04 | Seven year | 4.83 |
| Fed.funds at intervention | - | Six month | 3.16 | 10-year | 5.26 |
| | | One year | 3.31 | 30-year | 5.92 |
| | | Two year | 3.77 | | |

| Oct 8 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 6.70-6.85 | 6.75-6.85 | 6.65-6.80 | 6.60-6.70 | 6.35-6.45 | 7.25 |
| Paris | [illegible] | 7.07-7.27 | - | 7.06-7.26 | | 6.75 |
| Zurich | [illegible] | [illegible] | - | [illegible] | - | - |
| Amsterdam | 6.45-6.55 | 6.45-6.55 | - | 6.30-6.38 | - | - |
| Tokyo | [illegible] | - | - | - | - | - |
| Milan | [illegible] | [illegible] | - | 8⅝-8¾ | - | - |
| Brussels | 8⅝-8¾ | [illegible] | - | [illegible] | - | - |
| Dublin | [illegible] | [illegible] | 6⅞-7 | 6⅞-7 | 6⅝-6¾ | - |

### LONDON MONEY RATES

| Oct 8 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 5½ | [illegible] | 5⅞ | 5⅞ | [illegible] | [illegible] |
| Interbank Bid | 4 | 5⅜ | 5¾ | 5¾ | [illegible] | [illegible] |
| Sterling CDs | - | - | [illegible] | 5⅞ | [illegible] | [illegible] |
| Local Authority Deps. | 5 | 5½ | 5⅞ | 5⅞ | [illegible] | [illegible] |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 5¾ | 5½ | - | - | - | - |
| Company Deposits | - | - | - | - | - | - |
| Finance House Deposits | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bank Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fine Trade Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dollar CDs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Offer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Bid | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Offer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Bid | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## FINANCIAL FUTURES AND OPTIONS

[illegible]

### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls November | Calls December | Calls March | Puts November | Puts December | Puts March |
|---|---|---|---|---|---|---|
| 122 | - | - | - | 0.04 | 0.13 | - |
| 123 | - | 1.37 | - | 0.09 | 0.32 | - |
| 124 | 0.46 | 0.75 | - | 0.39 | 0.66 | - |
| 125 | 0.11 | 0.32 | - | - | - | 0.39 |
| 126 | - | 0.12 | - | - | - | - |
| Open int | 28,431 | 166,526 | 52,398 | 20,881 | 164,280 | 47,533 |

Estimated volume 45,468 † Total Open interest 509,309
† All Yield & Open interest figures are for the previous day.

### BANK RETURN

| BANKING DEPARTMENT | Wednesday October 6, 1993 | Increase or decrease for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 1,318,801,789 | + 47,925,459 |
| Bankers Deposits | 1,517,832,898 | - 120,770,323 |
| Reserve and other Accounts | 4,571,647,713 | + 1,378,121,819 |
| | 7,422,835,400 | + 1,305,276,955 |
| ASSETS | | |
| Government Securities | 1,146,830,193 | - 73,495,000 |
| Advance and other Accounts | 5,820,651,554 | + 1,616,147,945 |
| Premises Equipment & other Secs | 444,553,721 | - 238,274,802 |
| Notes | 11,386,792 | + 889,029 |
| Coin | 213,140 | + 9,763 |
| | 7,422,835,400 | + 1,305,276,955 |
| ISSUE DEPARTMENT | | |
| LIABILITIES | | |
| Notes in circulation | 17,118,613,208 | - 889,029 |
| Notes in Banking Department | 11,386,792 | + 889,029 |
| | 17,130,000,000 | |
| ASSETS | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 6,816,588,568 | - 272,347,710 |
| Other Securities | 10,302,396,332 | + 272,347,710 |
| | 17,130,000,000 | |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6 | Cyprus Popular Bank | 6 | NatWestminster | 6 |
| Allied Trust Bank | 6 | Duncan Lawrie | 6 | Nykredit Mortgage Bnk | 6.5 |
| AIB Bank | 6 | Exeter Bank Limited | 7 | ●Rea Brothers | 6 |
| ●Henry Ansbacher | 6 | Financial & Gen Bank | 7 | * Roxburghe Bank Ltd | 8 |
| B & C Merchant Bank | 13 | ●Robert Fleming & Co | 6 | * (In administration) | |
| Bank of Baroda | 6 | Girobank | 6 | Royal Bk of Scotland | 6 |
| Banco Bilbao Vizcaya | 6 | ●Guinness Mahon | 6 | ●Smith & Williamson Secs | 6 |
| Bank of Cyprus | 6 | Habib Bank AG Zurich | 6 | Standard Chartered | 6 |
| Bank of Ireland | 6 | ●Hambros Bank | 6 | TSB | 6 |
| Bank of India | 6 | Heritable & Gen Inv Bk | 6 | ●United Bk of Kuwait | 6 |
| Bank of Scotland | 6 | ●Hill Samuel | 6 | Unity Trust Bank Plc | 6 |
| Barclays Bank | 6 | C. Hoare & Co | 6 | Western Trust | 6 |
| Brit Bk of Mid East | 6 | Hongkong & Shanghai | 6 | Whiteaway Laidlaw | 6 |
| ●Brown Shipley | 6 | Julian Hodge Bank | 6 | Wimbledon & Sth West | 7 |
| CL Bank Nederland | 6 | ●Leopold Joseph & Sons | 6 | Yorkshire Bank | 6 |
| Citibank NA | 6 | Lloyds Bank | 6 | | |
| City Merchants Bank | 6 | Meghraj Bank Ltd | 6 | | |
| Clydesdale Bank | 6 | McDonnell Douglas Bk | 6 | | |
| The Co-operative Bank | 6 | Midland Bank | 6 | | |
| Coutts & Co | 6 | Mount Banking | 6 | | |
| Credit Lyonnais | 6 | | | | |

● Members of British Merchant Banking & Securities Houses Association

## MONEY MARKET FUNDS

### Money Market Trust Funds

[illegible]

### Money Market Bank Accounts

[illegible]

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

*For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.*

*Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.*

‡ Bargains at special prices. ɸ Bargains done the previous day.

## British Funds, etc

*Treasury 13¾% Stk 2000/03 - £136 136⅛ 136⅞ 136⅞*

Exchequer 10½% Stk 2005 - £127⅞

## Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £29 (5Oc93)

Bristol(City of) 11½% Red Stk 2008 - £128

...

## UK Public Boards

...

## Foreign Stocks, Bonds, etc- (coupons payable in London)

...

British Land Co PLC 12½% Bds 2016 (Br£10000&100000) - £134⅞ (5Oc93)

British Telecom Finance BV 8½% Gtd Nts 1994 (EC1000&10000) - EC100.94 101.04 (5Oc93)

*British Telecommunications PLC 7⅛% Bds 2003 (Br £ Var) - £101⅛ (6Oc93)*

British Telecommunications PLC 12¼% Bds 2006 - £137¼ (1Oc93)

Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £153

Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006(Br£5000&50000) - £150½ (4Oc93)

Citicorp Banking Corp GtdFR Sub CapNts 30/10/98(Br$10000) - $100.2 (4Oc93)

Coats Viyella Finance N.V. 7¼% Gtd Red Cnv Prf 2004 (Br) - 132½

Coca-Cola Amatil Ld 7.625% Bds 1998 (Br $5000&10000) - $108 108½

Daily Mail & General Trust PLC 8¼% Exch Bds 2006 (Br£1000&5000) - £138½

*Dawson Finance NV 9⅜% GtdRedCnvPrf 2004(CanaToBr £116) - £97½ɸ*

Denmark(Kingdom of) 11⅞% Bds 1994 - £106⅛ (1Oc93)

Dhana Siam Finance & Secs PLC 4% Subord Cnv Bds 2003(RegIntMult$1000) - $107⅞

*Dixons Group (Capital) PLC 6¾% Cnv Gtd Bds 2002 (Br£5000&50000) - £98⅛*

ECC Group PLC 6½% Cnv Bds 2003(Br£1000&10000) - £[illegible]

Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £110¼ (6Oc93)

Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £107.7

*Finland(Republic of) 9¼% Nts 1997 (Br£ Var) - £108¾ɸ 9ɸ*

Forte PLC 9⅜% Bds 2003 (Br £ Var) - £108⅞ ¼ (1Oc93)

General Electric Credit Int'l NV Zero Cpn Gtd Nts 1994(Br$1000&10000) - $98⅔

Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £125⁷⁄₁₆

*Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £119½ (6Oc93)*

Hanson Trust PLC 10% Bds 2006 (Br£5000) - £113⅛ (1Oc93)

Hickson Capital Ld 7% Cnv Cap Bds 2004 ...

...

National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £122½ (6Oc93)

*National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £121 ⅛ (1Oc93)*

Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) - £127¼ (4Oc93)

Nippon Telegraph and Telephone Corp10% Nts 1995 (BrEC1000&10000) - EC103.57 *103.67 (5Oc93)*

Northumbrian Water Group PLC 9¼% Bds 2002 (Br £ Var) - £109.1 (1Oc93)

...

Welsh Water PLC 10¾% Bds 2002 (Br £5000&10000) - £117⅞ (5Oc93)

Woolwich Building Society 11% Nts 1996(Br£1000&10000) - £111⅞ 2 (5Oc93)

Woolwich Building Society 10⅛% Subord Nts 2017 (Br £ Var) - £113 (1Oc93)

Halifax Building Society DM100m 6.25% Nts 16/4/97 - DM100¾ (4Oc93)

*Halifax Building Society L50000m Indexed Nts March 1998 - L115½ (5Oc93)*

SBAB DM100m 7.8% Nts 3/12/97 - DM108 (4Oc93)

Sires Ld $13m 8% Variable Red Sec Nts 1995 - $94⅛ (5Oc93)

Sweden(Kingdom of) $C250m 6.75% Instruments 30/12/96 - $C102 102⅛

Sweden(Kingdom of) FR8000m 8½% Nts 12/11/97 (Br FR Var) - FR108.95 109 (5Oc93)

*Sweden(Kingdom of) £350m 7⅛% Bds 28/7/2000 - £103½ (4Oc93)*

## Sterling Issues by Overseas Borrowers

American Brands Inc 12½% Uns Ln Stk 2009 - £131½ 2

Bank of Greece 10¾% Ln Stk 2010(Reg) - £116 (4Oc93)

*Credit Foncier De France* 10¼%GtdSerLnStk2011,12,13,14(Reg) - £128⅛ ⅜ (5Oc93)

Denmark(Kingdom of) 13% Ln Stk 2005 - £142¾ɸ

European Investment Bank 9% Ln Stk 2001 (Reg) - £111¼

*European Investment Bank 9½% Ln Stk 2009 - £119⅛*

European Investment Bank 10⅛% Ln Stk 2004(Reg) - £122⅝ ¾ (5Oc93)

European Investment Bank 11% Ln Stk 2002(Reg) - £124 (1Oc93)

Iceland(Republic of) 14½% Ln Stk 2016 - £159¼ɸ

Inco Ld 15¾% Uns Ln Stk 2006 $ Rep Opt - £130½ (1Oc93)

International Bank for Rec & Dev 11.5% Ln Stk 2003 - £130.44 ¹¹⁄₁₆ ¹⁵⁄₁₆

Ireland 12½% Ln Stk 2008(Reg) - £139ɸ

...

## Listed Companies(excluding Investment Trusts)

...

## Investment Trusts

...

Fleming Japanese Inv Trust PLC Wts to sub for Ord - 98 ½ 9½ 100

*Fleming Mercantile Inv Trust PLC 3.5% Cum Prf Stk £1 - 57 (1Oc93)*

Gartmore Value Investments PLC 12.34% Deb Stk 1995 - £106⅛

Glasgow Income Trust PLC Warrants to sub for Ord - 0⅛ (6Oc93)

Govett Strategic Inv Trust PLC 9⅞% Deb Stk 2017 - £119⅞ 20 (1Oc93)

Govett Strategic Inv Trust PLC 10⅛% Deb Stk 2016 - £123¼ (1Oc93)

Hotspur Investments PLC Ord £1 - 365

Investors Capital Trust PLC 7¼% Deb Stk 92/97 - £97½ (4Oc93)

Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Global Active Fund - £12.95 (1Oc93)

Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10 (1Oc93)

London & St Lawrence Investment PLCOrd 5p - 155½ 6

Morris Investment Trust PLC 11% Deb Stk 2012 - £129ɸ

Murray [illegible] PLC Wts to Sub for Ord - 12½ (4Oc93)

*Murray Income Trust PLC 4.25% Cum Prf £1 - 61 (6Oc93)*

New Guernsey Securities Trust Ld Ord 25p - 103 (6Oc93)

New Throgmorton Trust(1983) PLC 12.6% Deb Stk 2008 - £130 (5Oc93)

Paribas French Investment Trust PLCSers "A" Warrants to sub for Ord - 37 (6Oc93)

Paribas French Investment Trust PLCSers "B" Warrants to sub for Ord - 35½

*River & Mercantile Trust PLC 5% Cum Prf Stk - £50*

Schroder Korea Fund PLC Ord $0.01 (Br) - $10⅛ ½ (4Oc93)

Scottish Eastern Inv Trust PLC 9¼% Deb Stk 2020 - £119⅞ 20 (1Oc93)

Scottish Investment Trust PLC 3.5% Cum Prf Stk - £57ɸ

Scottish Investment Trust PLC 4.55% Cum "A" Prf Stk - £74ɸ

Scottish National Trust PLC 10% Deb Stk 2011 - £110¼ (6Oc93)

Securities Trust of Scotland PLC 4½% Cum Prf Stk - £52ɸ

Sphere Investment Trust PLC Revised Warrants to sub for Ord - 6⅛

TR City of London Trust PLC 8% Non-Cum 2nd Prf Stk £1 - 83 5 (4Oc93)

TR Far East Income Trust PLC 7% Deb Stk 27.2012 - £95 (5Oc93)

Updown Investment Co PLC Ord 25p - 545

Witan Investment Co PLC 8% Deb Stk 96/99 - £102½ (1Oc93)

Witan Investment Co PLC 8½% Deb Stk 2016 - £108¾ 9¼

## USM Appendix

Banner Homes Group PLC Ord 10p - 90 (5Oc93)

Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 - 50 (4Oc93)

Cooper Clarke Group PLC Ord 50p - 102 (1Oc93)

*FBD Holdings PLC Ord Ir£0.50 - £1.92 (6Oc93)*

Gibbs Mew PLC Ord 25p - 343 (5Oc93)

*Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 137 (1Oc93)*

Hoskins Brewery PLC Ord 50p - 71

Midland & Scottish Resources PLC Ord 10p - 6 6½ 7 8

Sterling Publishing Group PLC Cnv Cum Red Prf £1 - 128 (4Oc93)

Total Systems PLC Ord 5p - 55 (6Oc93)

United Energy PLC Wts to sub for Ord - 5 (6Oc93)

## Rule 535(2)

...

INVESCO MIM International Ld Japan Inc & Growth - £2.141 (1Oc93)

Jennings Bros Ld Ord 25p - £2.4 (5Oc93)

*Kleinwort Benson(Int) Fund Man Continental European Fund - DM2.142ɸ*

Kleinwort Benson(Int) Fund Man Japanese Fund - £0.9[illegible]

Kleinwort Benson(Int) Fund Man KB Gilt Fund - £15.49

Kleinwort Benson(Int) Fund Man Int Equity Gwth Inc - £2.872799ɸ

Lawrie Group PLC Ord £1 - £17 (1Oc93)

La Riche's Stores Ld Ord £1 - £2.9 (4Oc93)

M&G(Guernsey)Island Gold Fund Accum Units - £[illegible] (1Oc93)

Manx & Mercantile Securities PLC Ord Ir£0.20 - £2.8 2.85 2.9 2.95 2.98 3 3.05

Merrett Hldgs PLC Ord 10p - £0.2 0.22

Mileutech PLC Ord 10p - £0.04 (4Oc93)

*Morton Close Healthcare PLC Ord 10p - £[illegible] (5Oc93)*

Mottik International Group PLC Ord 1p - £0.32 0.37

National Parking Corp Ld Ord 10p - £4.35ɸ

Natwest Jersey Fund Managers Ashburton Replica £ Portfolio - £13.47 (5Oc93)

Newbury Racecourse PLC Ord £100 - £2100 (5Oc93)

Pan Andean Resources PLC Ord 1p - £0.0725

Perpetual(Jersey) Offshore UK Growth - £2.7614ɸ

*Rangers Football Club PLC Ord 10p - £1.05*

Rangers Football Club PLC C Deb Stk £1500 - £1550 (5Oc93)

Select Industries PLC New Ord 7½p(2½p Regd) - £0.04 0.045 0.05

Shepherd Neame Ld "A" Ord £1 - £5.2 5.3

South Green Hldgs PLC Ord 1p - £0.0175

Thaghur PLC Ord 5p - £0.2 0.205 0.21

Tracker Network PLC Ord £1 - £5.1 6.4

Tyndall International(Jersey) Gilt Fund - £1.255 (4Oc93)

UAPT-Infolink PLC Ord 25p - £0.77 (5Oc93)

Wadworth & Co 9¼% Cum Prf £1 - £1.10375 1.105 (1Oc93)

Wadworth & Co 10% Cum Prf £1 - £1.12 (1Oc93)

Weetabix Ld "A" Non.V Ord 25p - £12.35 12.53 12.6 (5Oc93)

Wynnstay Properties PLC 25p - £1 (4Oc93)

Yates Bros Wine Lodges PLC Ord 25p - £1.9ɸ

**RULE 535 (4) (a)**

**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

City Developments S$5.00 (6/10)

*Far East Hotels & Entertainment JR0.58 (4/10)*

Kulim Malaysia 43.0 (6/10)

*Leighton Hldgs. A$2.1975 (5/10)*

McCarthy Group 60.0 (5/10)

North Flinders Mines £5.0

*Oil Search 27.0 (6/10)*

Regal Hotels (Hldgs.) 6.0 (6/10)

Sapphire Mines 4.0

*Selangor Coconuts 56.0 (5/10)*

Selangor Properties S$1.42 (4/10)

Stonor Communications SK363.50

United Overseas Land HK$1.72 (1/10)

*By Permission of the Stock Exchange Council*

## FT-SE ACTUARIES INDICES

# Strong close takes Footsie to peak

**By Terry Byland,**
**UK Stock Market Editor**

A *LITTLE* unwillingly at first, the UK stock market moved forward to a clear new closing peak yesterday, with buying pressure increasing at the end of the day when dealing is effectively for next week. The market had already begun to joust with its previous closing high when Mr John Major, the UK prime minister, rose to deliver his keenly-awaited speech to the UK Conservative party conference. Equities were encouraged by strong gains in government bonds and also by a renewed advance in German stock markets.

The FT-SE Index closed at the day's best, with the final reading of 3,108.6 showing a rise of 16.2. Turnover was unimpressive, however, and price gains often reflected a squeeze on marketmakers' trading positions when the December futures contract moved higher.

| Account Dealing Dates | | | |
|---|---|---|---|
| *First Dealings: Sep 20 | Oct 4 | Oct 18 |
| Option Declarations: Sep 30 | Oct 14 | Oct 28 |
| Last Dealings: Oct 1 | Oct 15 | Oct 29 |
| Account Day: Oct 11 | Oct 26 | Nov 8 |

*New time dealings may take place from two business days earlier.

This week has brought a gain of 69.3 points, or about 2.3 per cent, on the Footsie Index, and the marketmakers have been running out of stock to meet their commitments. However, the equity account has another week to run.

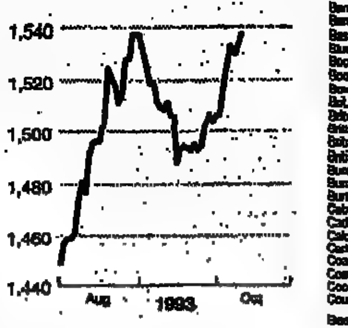
The FT-SE Mid 250 Index also found support, gaining 6.8 to 3,477.3; this wider-ranging market measuring rod remains around 1 per cent below its all-time high. Non-Footsie stocks made up about 57 per cent of yesterday's Seaq total of 477.4m shares, down sharply from 572.1m on the previous day. Thursday's retail business, worth £1.31bn, remained comfortably inside the market's range of profitability.

Optimism on base rate prospects have been strengthened this week by comments from Mr Kenneth Clarke, the UK chancellor of the exchequer, who stressed commitment to strengthening the economic recovery.

Yesterday's sharp fall in yields in long-dated government bonds provided fresh encouragement for equities which have been led by the bond market rally over the past two months. Long dated gilts rose by around ⅝, implying confidence ahead of next week's list of economic statistics on retail prices, industrial output, unemployment and wages. Near-dated gilts edged slightly higher. London gilts followed a strong performance from US bonds.

Pharmaceutical stocks gave a good lead to the blue chip sector but oil stocks looked less certain. There were gains in the banking sector, which has been identified as perhaps the chief beneficiary from base rate reductions, while the consumer sectors advanced.

**FT-A All-Share Index**



# Boots and Fisons active

THE DRUGS sector was alight with talk that **Boots** and **Fisons** are considering merging their ethical drugs divisions. However, Fisons later denied the story and drugs analysts were also dismissive. Speculation over both businesses has been rife after they suffered unrelated setbacks over the past year. Fisons has been hit by regulatory problems in the US, while Boots was forced to abandon its heart drug Manoplax in July at a cost of £35m.

Boots, under pressure from anxious analysts and institutional investors over the losses, said then that all options would be considered in reviewing the future of its drugs business. There has been regular speculation since over the company's likely course of action, ranging from an outright sale to a restructuring. Any announcement on its future is unlikely to come before Boots results on November 4. The company is also widely expected to announce the rationalisation of its Do It All home improvement venture. Boots shares gained 6 to 489p, Fisons 2½ to 165½p.

## Oils gloomy

A downbeat mood hung over oil stocks after a meeting of the London oil analysts group produced a generally bearish stance on the outlook for European refining.

The group spoke pessimistically about general prospects in Europe. The analysts also pointed to the costs of meeting increasingly stiff environmental demands as a check on the performance of companies with interests in European refining.

While the group did not envisage downgrading profit forecasts, the gloomy conclusions led to a decline for many of the oil stocks.

**Burmah** closed 13 down at 770p; BP lost 2¼ to 323p; **Enterprise** gave up 2 to 466p and **Lasmo** lost 1¼ to 140p. **Shell** managed to buck the downward trend, gaining 4 to 684p.

## United Biscuits firm

A bright start from **United Biscuits (UB)** saw the shares open at 10p higher, prompting speculation that one of the market's favourite bid candidates was back in play. Unilever was yesterday's choice as the most likely predator, although analysts pointed out that any such move could trigger a monopolies inquiry over their frozen foods businesses. Identifying several other problem areas, Mr Carl Short at Strauss Turnbull said: "A Unilever bid for United Biscuits is one of the least likely situations."

Dealers said that UB shares had been squeezed up because of a buy order being split between two brokers. UB shares closed 16 ahead at 368p in average volume of 2m, while Unilever lost 5 to 1052p.

Leading property shares surged forward after dealers said James Capel was renewing its bullish stance. **Brixton Estate** gained 7 to 232p, **Frogmore Estates** 15 to 455p, **Land Securities** 9 to 703p and **Slough Estates** 5 to 269p.

British Land, up 15 at 413p, was being mentioned as a possible bidder for Greycoat following the latter's failure to gain approval for its financial restructuring via Postel. Despite the Greycoat board's protestations before yesterday's egm that the company would go into receivership if the vote was lost, property analysts speculated that British Land was only one of several potential predators.

The appeal of Glaxo's high yield continued to lure investors faced with the probability of lower interest rates, and the stock moved up 12 to 666p. **Zeneca** also went ahead strongly with a rise of 10 to 755p.

An upbeat presentation to analysts and institutions by **Reuters** bolstered its share price with a rise of 27 to 1518p. The London meeting was a follow-on from similar exercises in New York and Los Angeles.

ADT slipped back 44 to 579p, on speculation that 24 per cent stake holder Laidlaw, the waste services group, might be considering selling its stake after the departure of Laidlaw's chief executive.

Among aviation stocks, **British Airways'** were in demand and put on 7¼ to 375½p, with SG Warburg, which has been recommending the stock, said to have been among the day's leading buyers.

Container leasing and transport rental group **Tiphook** remained friendless following Thursday's profits warning and negative statement. The shares tumbled another 46 to 123p.

Hopes that the proposed £250m joint venture between **British Aerospace** and **Taiwan Aerospace Corporation** will still go ahead brought a turnaround in the shares.

Further suggestions that the deal was close to collapse saw the shares decline 6 to 387p at first, before renewed hopes fuelled a bounce which saw the shares finally a net 11 ahead at 304p.

Profit-taking together with a touch of nervous trading saw **Lucas Industries** shed 2 to 155p, ahead of next week's figures. Market watchers expect Mr George Simpson, currently deputy chairman at BAe, to be confirmed as the new chief executive at Lucas.

A doubled blow hit shares in **Automated Security** which sent them falling sharply. BZW, joint broker to the company, resigned after the company issued a profits warning.

In a busy telecoms sector, profit-taking set **Cable and Wireless** back, the shares losing 14 to 899p. **Vodafone** was said to have weakened as BZW downgraded the stock, the shares falling 6 to 526p.

**Micro Focus**, meeting analysts this week, retreated 160 to 1450p.

*GKN fell 5 to 462p as investors took aboard the downturn in European car sales.*

Construction shares continued their good run. **Tarmac** bounced 4 to 143p and **Havelock Europa** 19 to 98p.

**MARKET REPORTERS:**
**Joel Kibazo,**
**Christopher Price,**
**Christine Buckley.**

■ Other statistics, Page 13.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASDA Group† | 9,500 | 57¼ | -½ | Dalgety | 984 | 498 | | MB Caradon† | 1,600 | 338 | +4 | Siebe† | 754 | 536 | |
| Abbey National† | 1,600 | 429 | -8 | De La Rue | 32 | 882 | -4 | MEPC† | 6,000 | 510 | +5 | Slough Ests | 2,000 | 289 | +5 |
| Albert Fisher | 3,900 | [illegible] | [illegible] | Dixons | 1,200 | 274 | +3 | MFI | 580 | 144 | | Smith (W.H.) A | 68 | 450 | -2 |
| Allied-Lyons† | 938 | 578 | +3 | Eastern Elec. | 108 | 680 | +4 | Manweb | 13 | 620 | +7 | Smith & Nephew† | 2,300 | 140½ | -1½ |
| Anglian Water† | 107 | 540 | -1 | East Midland Elec. | 174 | 582 | +7 | Marks & Spencer† | 2,100 | 400 | +3 | SmKl Beecham† | 3,500 | 416 | -3 |
| Argos | 385 | 349 | +4 | Eng China Clays | 1,700 | 411 | +7 | Midlands Elec. | 289 | 586 | +5 | SmKl Beecham Uts.† | 3,000 | 370 | |
| Argyll Group† | 2,300 | 308½ | +1½ | Enterprise Oil† | 234 | 489 | -2 | Morrison (Wm.) | 484 | 108 | +1 | Smiths Inds. | 180 | 372½ | -1½ |
| Arjo Wiggins† | 1,400 | 229 | | Eurotunnel Units | 333 | 484 | +2 | NFC† | 572 | 274 | +2 | Southern Elec. | 193 | 591 | +6 |
| Assoc. Brit. Foods† | 555 | 498 | +3 | FKI | 883 | 168 | -3½ | NatWest Bank† | 5,000 | 541 | +18 | South Wales Elec. | 438 | 625 | +8 |
| Ass. Brit. Ports | 25 | 482 | | Fisons | 2,000 | 165½ | +2½ | National Power† | 2,000 | 405 | | South West Water | 34 | 581 | -5 |
| BAA† | 480 | 877 | +4 | Foreign & Col. I.T. | 1,100 | 254½ | +½ | Next | 958 | 194 | | South West. Elec. | 38 | 586 | +8 |
| BAT Inds.† | 2,100 | 488 | +7 | Forte† | 1,600 | 225 | -5 | North West Water† | 1,000 | 531 | -5 | Southern Water | 64 | 568 | -5 |
| BET | 1,400 | 132 | +2 | Gen. Accident† | 1,200 | 725 | +4 | Northern Elec. | 19 | 623 | +5 | Standard Chartd.† | 381 | 988 | +5 |
| BICC | 1,000 | 422 | | General Elec.† | [illegible] | [illegible] | +3½ | Northern Foods† | 2,100 | 287 | +8 | Storehouse | 3,200 | 211 | +4 |
| BOC† | 1,800 | 698 | +7 | Glaxo† | 3,900 | 668 | +12 | Norweb | 107 | 612 | +12 | Sun Alliance† | 382 | 395 | |
| BP† | 2,200 | 323 | -2½ | Glynwed Int. | 13 | 318 | -1 | Pearson† | 1,500 | 527 | -8 | T&N | 182 | 187 | +1 |
| BPB Inds. | 1,000 | 264 | -4 | Granada† | 1,400 | 478 | -2 | P & O† | 1,200 | 592 | +10 | TI Group† | 738 | 359 | -1 |
| BT† | 8,400 | 445½ | +7½ | Grand Met.† | 3,400 | 420 | -6 | Pilkington | 1,200 | 146 | -½ | TSB† | 1,700 | 225 | -1 |
| BT (P/Paid) | 4,800 | 199½ | +5½ | GUS A† | 114 | 2145 | +10 | PowerGen† | 2,200 | 446 | +2 | Tarmac | 2,500 | 143 | +4 |
| BTR† | 2,700 | 381 | +4½ | GRE† | 2,300 | 228 | +1 | Prudential† | 1,900 | 380 | +4 | Tate & Lyle | 714 | 378 | +3 |
| Bank of Scotland† | 1,500 | 180 | +4 | GKN | 760 | 462 | -5 | RMC† | 68 | 823 | +6 | Taylor Woodrow | 223 | 128 | |
| Barclays† | 3,700 | 580 | +8 | Guinness† | 3,300 | 409 | +2 | RTZ† | 733 | 881 | +8 | Tesco† | 8,300 | 218½ | +5 |
| Bass† | 414 | 478 | +2 | HSBC (75p shs)† | 1,900 | 727 | -3 | Racal | 418 | 238 | -3 | Thames Water† | 1,800 | 555 | -1 |
| Blue Circle† | 2,300 | 283 | +4 | Hammerson "A" | 261 | 369 | | Rank Org.† | 881 | 813 | -10 | Thorn EMI† | 418 | 954 | -4 |
| Booker | 515 | 395 | -1 | Hanson† | 7,500 | 265¼ | | Reckitt & Colman† | 310 | 636 | | Tomkins† | 1,100 | 238½ | +4½ |
| Boots† | 2,800 | 489 | +6 | Harrisons Crosfield | 370 | 192 | | Redland† | 322 | 542 | -2 | Trafalgar House | 1,000 | 107 | |
| Bowater† | 1,500 | 461 | -4 | Hillsdown | 808 | 159 | +3 | Reed Intl.† | 372 | 737 | +2 | Unigate | 57 | 385 | +2 |
| Brit. Aerospace† | 2,100 | 404 | +11 | IMI | 55 | 282 | | Rentokil† | 873 | 218 | +2 | Unilever† | 1,700 | 1052 | -6 |
| British Airways† | 5,500 | 375½ | +7½ | ICI† | 1,200 | 729 | -8 | Reuters† | 1,400 | 1518 | +27 | United Biscuits† | 2,000 | 368 | +16 |
| British Gas† | 2,400 | 333½ | +½ | Inchcape† | 1,700 | 538 | -1 | Rolls Royce† | 7,500 | 158½ | +½ | Utd. Newspapers | 479 | 525 | |
| British Land | 842 | 413 | +15 | Johnson Matthey | 37 | 477 | | Rothmans† | 1,300 | 634 | +11 | Vodafone† | 712 | 526 | -6 |
| British Steel† | 5,100 | 139½ | -1½ | Kingfisher† | 575 | 684 | +5 | Ryl Bk Scotland† | 3,600 | 346 | +4 | Warburg (SG)† | 193 | 640 | +5 |
| Bunzl | 2,500 | 150 | | Kwik Save | 54 | 695 | +4 | Royal Insurance† | 1,100 | 322 | -2 | Wellcome† | 1,700 | 723 | +15 |
| Burmah Castrol† | 524 | 770 | -13 | Ladbroke† | 6,900 | 178 | +2 | Sainsbury† | 2,000 | 438½ | +4½ | Welsh Water | 91 | 635 | -10 |
| Burton | 136 | 77½ | +1 | Land Securities† | 2,200 | 703 | +9 | Schroders† | 17 | 1288 | | Wessex Water | 18 | 651 | -4 |
| Cable & Wire.† | 6,000 | 899 | -14 | Laporte | 644 | 677 | +11 | Scottish & New.† | 942 | 468 | -1 | Whitbread 'A'† | 1,200 | 523 | -4 |
| Cadbury Schweppes† | 693 | 484 | +1 | Legal & General† | 897 | 522 | +6 | Scot. Hydro-Elect. | 295 | 396 | +1 | Williams Hldgs.† | 1,500 | 333 | +3 |
| Calor Group | 465 | 283 | | Lloyds Abbey | 761 | 453 | +4 | Scottish Power† | 816 | 380 | +3 | Willis Corroon | 603 | 205 | -1 |
| Carlton Comms.† | 1,200 | 757 | -7 | Lloyds Bank† | 1,800 | 560 | -6 | Sears† | 3,700 | 116 | +½ | Wimpey | 710 | 175 | |
| Coats Viyella† | 1,500 | 276 | +7 | LASMO | 1,300 | 140 | -1½ | Sedgwick | 258 | 168 | | Wolseley† | 203 | 692 | +7 |
| Comm. Union† | 881 | 640 | +3 | London Elec. | 163 | 581 | +7 | Seeboard | 305 | 693 | +4 | Yorkshire Elec. | 308 | 609 | +3 |
| Cookson | 1,800 | 208 | +1½ | Lonrho | 2,200 | 121 | -3½ | Severn Trent Water† | 988 | 551 | -1 | Yorkshire Water | 454 | 584 | +1 |
| Courtaulds† | 374 | 480 | | Lucas | 3,700 | 155 | -2 | Shell Transport† | 1,200 | 684 | +4 | Zeneca† | 1,600 | 755 | +10 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

## FINANCIAL TIMES EQUITY INDICES

| | Oct 8 | Oct 7 | Oct 6 | Oct 5 | Oct 4 | Year ago | * High | * Low |
|---|---|---|---|---|---|---|---|---|
| Ordinary share | 2358.1 | 2350.4 | 2355.4 | 2345.8 | 2332.5 | 1865.2 | [illegible] | 2124.7 |
| Ord. div. yield | 3.95 | 3.97 | 3.97 | 3.98 | 4.00 | 4.78 | 4.52 | [illegible] |
| Earning yld % full | [illegible] | 4.67 | 4.67 | 4.68 | 4.70 | 6.94 | 6.38 | 4.51 |
| P/E ratio net | 27.51 | 27.35 | 27.37 | 27.30 | [illegible] | 18.27 | 28.30 | 19.40 |
| P/E ratio nil | 25.38 | 25.21 | 25.25 | 25.19 | 25.05 | 16.94 | 26.14 | [illegible] |
| Gold Mines | 203.7 | 197.9 | 182.4 | 182.6 | 182.5 | 79.7 | 249.2 | 80.0 |

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2348.0 | 2351.0 | 2343.6 | 2348.1 | 2351.6 | 2351.7 | 2349.1 | 2354.3 | 2355.8 | 2359.2 | 2342.0 |

| Volume | Oct 8 | Oct 7 | Oct 6 | Oct 5 | Oct 4 | Year ago |
|---|---|---|---|---|---|---|
| SEAQ Bargains | 29,311 | 30,211 | 32,315 | 31,429 | 29,295 | 20,860 |
| Equity Turnover(£m)† | - | [illegible] | 1581.9 | [illegible] | 1077.5 | 873.8 |
| Equity Bargains† | - | [illegible] | 36,254 | 35,092 | [illegible] | 23,103 |
| Shares traded (mil)† | - | 504.4 | 621.4 | 626.5 | 472.4 | 407.8 |

† Excluding intra-market business and overseas turnover.

London report and latest Share index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

## FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday October 8 1993

| | |
|---|---|
| Gold Mines Index | + 218.78 |
| Property | + 87.86 |
| Merchant Banks | + 64.60 |
| Metals & Metal Forming | + 51.21 |
| Engineering-Aerospace | + 48.51 |
| Contracting, Construction | + 42.34 |
| Banks | + 38.13 |
| Financial Group | + 35.90 |
| Building Materials | + 35.38 |
| Electricity | + 33.18 |
| FT-SE SmallCap | + 30.69 |
| FT-SE SmallCap ex Inv Tst | + 30.15 |
| Electronics | + 27.20 |
| Investment Trusts | + 26.57 |
| Capital Goods | + 23.86 |
| Insurance (Life) | + 23.29 |
| Electricals | + 22.60 |
| FT-SE Mid 250 | + 21.46 |
| FT-SE Mid 250 ex Inv Tst | + 21.27 |
| Engineering-General | + 21.16 |
| Oil & Gas | + 20.18 |
| Insurance (Composite) | + 19.17 |
| Transport | + 17.21 |
| Motors | + 16.30 |
| Media | + 16.01 |
| Telephone Networks | + 15.84 |
| Packaging, Paper & Printing | + 14.97 |
| Textiles | + 14.60 |
| Other Groups | + 14.11 |
| Water | + 13.96 |
| Conglomerates | + 13.80 |
| FT-A All-Share | + 12.70 |
| FT-SE-A 350 | + 11.74 |
| Stores | + 11.44 |
| Business Services | + 10.20 |
| Chemicals | + 9.44 |
| FT-SE 100 | + 9.21 |
| Hotels & Leisure | + 8.78 |
| Other Industrials | + 8.69 |
| "500" Share Index | + 8.51 |
| Industrial Group | + 7.20 |
| Insurance Brokers | + 4.75 |
| Food Manufacturing | + 0.92 |
| Consumer Group | - 3.20 |
| Brewers & Distillers | - 11.61 |
| Health & Household | - 14.81 |
| Food Retailing | - 16.33 |

## CHIEF PRICE CHANGES YESTERDAY

London (Pence)

| Rises | | | |
|---|---|---|---|
| Allen | 147 | + | 9 |
| British Land | 413 | + | 15 |
| Campari Intl. | 103 | + | 10 |
| Coutts Consulting | 66 | + | 5 |
| Havelock Europa | 96 | + | 9 |
| Hewitt | 215 | + | 17 |
| Hi-Tec Sports | 84 | + | 4 |
| Man. Ship Canal | 234 | + | 24¾ |
| Matthew Clark | 523 | + | 25 |
| Quadramatic | 155 | + | 7 |
| Proteus | 479 | + | 30 |
| Slingsby (H) | 225 | + | 30 |
| Storm Group | 15 | + | 4 |
| United Biscuits | 368 | + | 16 |

| Falls | | | |
|---|---|---|---|
| ADT | 579 | - | 44 |
| Automated Security | 102 | - | 30 |
| Bennett & Fountain | 2¼ | - | 1½ |
| British Syphon | 83 | - | 12 |
| Cohen (A) A | 330 | - | 30 |
| Micro Focus | 1450 | - | 160 |
| Radamec | 56 | - | 10 |
| Tiphook | 123 | - | 46 |
| Trace Computers | 42 | - | 11 |

## NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (179).

BRITISH FUNDS (10) BANKS (3) Bank of Scotland, Natl. Australia, NatWest., BREWERS (1) Matthew Clark, BLDG MATLS (4) Heywood Williams, MB-Caradon, Do. Pf., Wolseley, BUSINESS SERVS (5) Coutts Consulting, Dart, Johnson Cleaners, Select Appointments, Serco, CHEMS (1) Canning, CONGLOMERATES (1) Grampian, CONTG & CONSTRCN (8) Allen, Havelock Europa, Hewden-Stuart, Severfield Reeve, Vibroplant, ELECTRICALS (1) Thorpe, ELECTRICITY (12) East Midlands, Eastern, London, Manweb, Natl. Power, Northern, Norweb, PowerGen, South Wales, Sth. Western, Southern, Yorkshire, ELECTRONICS (8) Acal, Eurotherm, Kalamazoo, Kewill, Macro 4, Phonelink, Polar, Tunstall, ENG GEN (1) Quadramatic, FOOD MANUF (1) Devro, FOOD RETAILING (3) Albert Fisher, M & W, PizzaExpress, HEALTH & HHOLD (2) Mayborn, [illegible], HOTELS & LEIS (3) Airtours, Granada Pf., Manchester Utd., INSCE BROKERS (2) Archer, [illegible], INSCE COMPOSITE (1) GRE, INSCE LIFE (1) Legal & Gen., INV TRUSTS (33), MEDIA (4) HTV, Sleepy Kids, Storm, VTR, MERCHANT BANKS (1) Close Bros., MTL & MTL FORMING (1) Cook (Wm), MISC (7) Danka Bus. Sys., Hornby, Norbain El., Portmeirion Potts., Ricardo, Spandex, [illegible], MOTORS (3) [illegible], [illegible], ERF, OIL & GAS (1) Woodside, OTHER FINCL (4) EFT, Gerrard & Natl., Perpetual, St. James's Place, OTHER INDLS (2) Charter, Wilshaw, PROP (17) Allied Lon., Bolton, Brit. Land, Do. Pf., Chesterfield, Debenham Tewson, Dencora, Derwent Valley, Greycoat, Gt. Portland, Land Sec., MEPC, PSIT, Peel, Slough Ests., Tops Ests., Town Centre, STORES (6) Blacks Leis., Brown (N), Carpetright, Courts, Dixons Pf., Moss Bros., TELE NETWORKS (2) Brit. Telecom, Securicor, TEXTS (3) Coats Viyella, Lamont, [illegible], TRANSPORT (4) Brit. Airways, Do. 9¾pc Cv., Forth Ports, P & O 5½pc Pfd., WATER (3) Mid Kent, Sth. West, Welsh, MINES (2) [illegible], Western Areas.

NEW LOWS (10).

BRITISH FUNDS (2) CANADIANS (1) Nova Corp of Alberta, BUSINESS SERVS (1) Automated Sec., ELECTRICALS (2) Bennett & Fountain, Maddox, ELECTRONICS (1) Micro Focus, INSCE BROKERS (1) Alexander & Alexander, MEDIA (1) Scottish TV, MISC (1) Photo-Me, OTHER INDLS (1) Kelsey Inds., TRANSPORT (1) Tiphook, MINES (1) Dominion.

## EQUITY FUTURES AND OPTIONS TRADING

TRADING in the FT-SE future formed a mixed pattern with a sluggish start and a late rally, Christine Buckley writes.

In a dull morning, volume was low in the December contract on the FT-SE 100. Much of the trading was conducted by independent traders although some US buying was in evidence.

After opening at 3,115, the contract dipped to its lowest level of the day at 3,109 in the mid morning.

But some vigour was stimulated in the afternoon. US unemployment figures triggered a strong US bond performance and similar strong showings were seen in European markets. A technical spur came from traders buying into the contract to avoid short positions on Monday.

With some brokers system buying, the contract climbed about 20 points in the last hour or so to reach a close of *3,143 with 6,298 contracts traded* – the technical push taking the contract to a 17 point lead over the fair value premium to cash.

In traded options, FT-SE volume was strong at 17,903 lots.

## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 9.500 | 08/03 | 119.8890 | +0.236 | 6.71 | 6.69 | 6.62 |
| BELGIUM | | 9.000 | 03/03 | 111.7000 | +0.050 | 7.24 | 7.38 | 7.19 |
| CANADA * | | 7.500 | 12/03 | 105.3500 | +0.610 | 6.76 | 7.03 | 6.85 |
| DENMARK | | 8.000 | 05/03 | 110.0500 | +0.220 | 6.56 | 6.67 | 6.78 |
| FRANCE | BTAN | 8.750 | 11/98 | 108.6201 | -0.174 | 5.60 | 5.58 | 5.64 |
| | OAT | 6.750 | 10/03 | 105.5600 | +0.130 | 5.99 | 6.05 | 6.14 |
| GERMANY | | 6.500 | 07/03 | 103.8350 | +0.230 | 5.97 | 6.09 | 6.13 |
| ITALY | | 10.000 | 08/03 | 107.0400 | -0.065 | 9.10† | 9.32 | 9.70 |
| JAPAN | No 119 | 4.800 | 06/99 | 107.7084 | -0.009 | 3.20 | 3.23 | 3.56 |
| | No 157 | 4.500 | 09/03 | 104.7741 | -0.003 | 3.63 | 3.62 | 4.05 |
| NETHERLANDS | | 7.000 | 02/03 | 107.6000 | +0.050 | 5.91 | 5.95 | 6.01 |
| SPAIN | | 10.900 | 08/03 | 112.8000 | +0.170 | 8.88 | 9.07 | 9.03 |
| UK GILTS | | 7.250 | 03/98 | 103-29 | +7/32 | 6.23 | 6.33 | 6.26 |
| | | 8.000 | 06/03 | 108-09 | +12/32 | 6.81 | 6.91 | 6.77 |
| | | 9.000 | 10/08 | 117-02 | +20/32 | 7.13 | 7.24 | 7.14 |
| US TREASURY * | | 5.750 | 08/03 | 103-26 | +16/32 | 5.25 | 5.36 | 5.21 |
| | | 6.250 | 08/23 | 104-17 | +3/32 | 5.92 | 6.01 | 5.88 |
| ECU (French Govt) | | 8.000 | 04/03 | 109.3000 | -0.100 | 6.63 | 6.70 | 6.46 |

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

## RISES AND FALLS YESTERDAY

| | On Friday | | | On the week | | |
|---|---|---|---|---|---|---|
| | Rises | Falls | Same | Rises | Falls | Same |
| British Funds | 63 | 5 | 12 | 255 | 78 | 68 |
| Other Fixed Interest | 5 | 0 | 10 | 19 | 8 | 47 |
| Commercial, Industrial | 274 | 185 | 860 | 1,672 | 1,036 | 4,394 |
| Financial & Property | 207 | 64 | 549 | 1,214 | 393 | 2,497 |
| Oil & Gas | 10 | 15 | 64 | 84 | 80 | 231 |
| Plantations | 0 | 0 | 8 | 3 | 1 | 36 |
| Mines | 44 | 15 | 79 | 195 | 127 | 360 |
| Others | 16 | 29 | 83 | 138 | 211 | 292 |
| Totals | 619 | 313 | 1,755 | 3,591 | 1,935 | 7,923 |

## FT-SE Actuaries Share Indices — THE UK SERIES

**FT-SE 100 3108.6 +16.2**

**FT-SE MID 250 3477.3 +6.8**

**FT-A ALL-SHARE 1536.97 +6.55**

| | Oct 8 | Day's change | Oct 7 | Oct 6 | Oct 5 | year ago | Dividend yield % | Earnings yield % | P/E Ratio | Xd adj ytd | Total Return | 1993 High | 1993 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3108.6 | +0.5 | 3092.4 | 3100.8 | 3085.2 | 2541.2 | 3.77 | 5.63 | 22.45 | 81.80 | 1131.98 | 3108.6 8/10 | 2737.5 19/1 | 3108.6 8/10/93 | 986.9 23/7/84 |
| FT-SE Mid 250 | 3477.3 | +0.2 | 3470.5 | 3471.8 | 3457.7 | 2392.9 | 3.51 | 5.77 | 21.09 | 79.74 | 1253.53 | 3513.3 27/8 | 2876.3 13/1 | 3513.3 27/8/93 | 1379.4 21/1/86 |
| FT-SE Mid 250 ex Inv Trusts | 3486.0 | +0.2 | 3479.4 | 3478.8 | 3468.1 | 2398.2 | 3.61 | 5.18 | 19.86 | 81.78 | 1252.28 | 3525.5 27/8 | 2874.6 1/1 | 3525.5 27/8/93 | 1378.3 21/1/86 |
| FT-SE-A 350 | 1551.8 | +0.4 | 1544.7 | 1548.0 | 1540.8 | 1223.3 | 3.71 | 5.66 | 22.13 | 39.65 | 1156.80 | 1552.2 27/8 | 1348.7 19/1 | 1552.2 27/8/93 | 664.5 14/1/86 |
| FT-SE SmallCap | 1782.36 | +0.1 | 1780.56 | 1779.51 | 1776.17 | – | 3.10 | 3.87 | 36.49 | 36.75 | 1344.15 | 1786.29 10/9 | 1377.88 4/1 | 1786.29 10/9/93 | 1363.79 31/12/92 |
| FT-SE SmallCap ex Inv Trusts | 1775.02 | +0.1 | 1773.80 | 1771.84 | 1769.80 | – | 3.28 | 4.28 | 33.12 | 37.49 | 1340.23 | 1787.58 7/9 | 1380.06 4/1 | 1787.58 7/9/93 | 1363.79 31/12/92 |
| FT-A ALL-SHARE | 1536.97 | +0.4 | 1530.42 | 1533.47 | 1528.43 | 1201.00 | 3.88 | 5.47 | 22.67 | 36.75 | 1186.21 | 1537.57 27/8 | 1330.19 19/1 | 1537.57 27/8/93 | 61.92 13/12/74 |
| 1 CAPITAL GOODS(213) | 1082.98 | +0.4 | 1078.81 | 1082.47 | 1079.73 | 743.36 | 3.76 | 3.81 | 33.59 | 38.93 | 1282.88 | 1093.13 27/8 | 869.89 13/1 | 1093.13 27/8/93 | 50.71 13/12/74 |
| 2 Building Materials(29) | 1203.56 | +0.4 | 1199.16 | 1205.37 | 1208.04 | 868.78 | 3.80 | 2.86 | 50.79 | 31.98 | 1406.50 | 1208.04 5/10 | 882.59 12/1 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 Contracting, Construction(29) | 1052.33 | -0.1 | 1053.67 | 1055.09 | 1049.01 | 590.41 | 3.08 | 1.30 | 80.00† | 22.33 | 1467.24 | 1055.09 6/10 | 716.81 20/1 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 Electricals(15) | 3134.98 | -0.2 | 3140.93 | 3145.40 | 3127.30 | 2054.83 | 4.31 | 3.34 | 36.92 | 85.27 | 1273.02 | 3191.56 9/8 | 2533.89 13/1 | 3191.56 9/8/93 | 84.71 25/6/62 |
| 5 Electronics(36) | 2994.64 | +0.3 | 2985.47 | 3008.72 | 3000.43 | 2085.14 | 2.81 | 5.66 | 21.96 | 85.19 | 1312.45 | 3008.52 31/8 | 2304.14 18/1 | 3008.52 31/8/93 | 1229.01 8/10/85 |
| 6 Engineering-Aerospace(7) | 440.44 | +0.8 | 436.74 | 439.01 | 439.63 | 281.04 | 3.31 | ‡ | ‡ | 9.71 | 1534.52 | 463.00 18/8 | 294.58 13/1 | 502.42 13/6/90 | 243.47 24/11/92 |
| 7 Engineering-General(49) | 621.97 | — | 622.03 | 625.59 | 621.53 | 449.80 | 3.51 | 5.86 | 21.96 | 14.94 | 1252.23 | 637.68 18/8 | 519.76 12/1 | 637.68 18/8/93 | 339.57 23/1/91 |
| 8 Metals & Metal Forming(9) | 488.34 | -0.7 | 491.60 | 485.53 | 487.43 | 311.71 | 2.21 | ‡ | ‡ | 8.85 | 1544.25 | 491.60 7/10 | 319.37 5/1 | 596.67 9/10/87 | 46.65 6/1/75 |
| 9 Motors(20) | 438.17 | -0.4 | 439.74 | 440.00 | 440.56 | 288.53 | 5.02 | 4.32 | 32.20 | 16.89 | 1223.44 | 469.62 18/8 | 380.99 25/1 | 469.92 18/8/93 | 19.91 6/1/75 |
| 10 Other Industrials(18) | 2173.37 | +1.1 | 2149.09 | 2155.59 | 2142.32 | 1731.18 | 4.56 | 5.77 | 20.47 | 69.75 | 1132.95 | 2301.41 31/8 | 1948.15 19/1 | 2301.41 31/8/93 | 277.55 15/1/81 |
| 21 CONSUMER GROUP(246) | 1705.01 | +0.5 | 1696.33 | 1699.01 | 1693.36 | 1587.31 | 3.46 | 6.61 | 18.33 | 39.47 | 997.31 | 1773.10 4/1 | 1570.86 21/7 | 1773.10 4/1/93 | 61.41 13/12/74 |
| 22 Brewers and Distillers(29) | 1856.07 | -0.3 | 1860.73 | 1877.60 | 1873.21 | 1912.11 | 4.01 | 8.27 | 14.62 | 46.38 | 911.53 | 2091.43 4/1 | 1800.90 20/5 | 2278.85 11/5/92 | 69.47 13/12/74 |
| 25 Food Manufacturing(24) | 1341.79 | +0.8 | 1333.58 | 1329.20 | 1327.32 | 1195.70 | 3.80 | 7.07 | 16.81 | 29.90 | 1037.14 | 1471.34 10/3 | 1241.06 21/7 | 1471.34 10/3/93 | 59.67 11/12/74 |
| 26 Food Retailing(17) | 2728.18 | +1.2 | 2696.34 | 2674.85 | 2692.51 | 2763.35 | 3.45 | 9.57 | 12.96 | 59.33 | 858.42 | 3427.94 28/1 | 2559.33 1/10 | 3427.94 28/1/93 | 54.25 11/12/74 |
| 27 Health & Household(31) | 3639.41 | +1.0 | 3602.34 | 3595.54 | 3559.52 | 4152.75 | 3.87 | 6.33 | 18.47 | 87.70 | 878.68 | 4307.85 4/1 | 3148.04 21/7 | 4654.94 14/1/92 | 175.38 28/5/80 |
| 29 Hotels and Leisure(20) | 1407.08 | -0.4 | 1413.07 | 1418.08 | 1411.49 | 1054.37 | 4.18 | 5.84 | 21.43 | 52.85 | 1143.62 | 1448.31 3/9 | 1239.46 13/5 | 1845.77 8/9/89 | [illegible] |
| 30 Media(34) | 2126.41 | +0.4 | 2118.94 | 2133.92 | 2143.72 | 1590.62 | 2.44 | 4.80 | 25.19 | 37.74 | 1188.60 | 2159.38 31/8 | 1813.01 25/1 | 2159.38 31/8/93 | 1166.91 16/1/91 |
| 31 Packaging and Paper(28) | 902.14 | -0.4 | 905.32 | 903.13 | 898.35 | 710.32 | 3.29 | 5.16 | 23.50 | 21.25 | 1185.80 | 930.20 31/8 | 781.26 19/1 | 930.20 31/8/93 | 43.46 6/1/75 |
| 34 Stores(39) | 1300.30 | +0.7 | 1291.38 | 1297.93 | 1293.89 | 1013.71 | 2.79 | 5.39 | 23.35 | 23.87 | 1143.68 | 1300.30 8/10 | 1086.51 11/2 | 1300.30 8/10/93 | 52.63 6/1/75 |
| 35 Textiles(20) | 863.02 | +1.1 | 853.84 | 853.62 | 836.79 | 884.93 | 3.61 | 5.57 | 22.64 | 21.38 | 1186.56 | 863.02 8/10 | 746.75 18/1 | 914.52 2/10/87 | 62.66 11/12/74 |
| 40 OTHER GROUPS(144) | 1649.24 | +0.5 | 1641.63 | 1644.51 | 1632.38 | 1272.50 | 3.93 | 6.74 | 17.83 | 43.63 | 1183.03 | 1649.24 8/10 | 1422.06 19/1 | 1649.24 8/10/93 | 58.63 6/1/75 |
| 41 Business Services(27) | 1682.84 | +0.1 | 1681.76 | 1690.08 | 1671.72 | 1328.07 | 2.78 | 7.08 | 16.05 | 26.58 | 1124.85 | 1748.37 31/8 | 1546.00 4/1 | 1748.37 31/8/93 | 892.26 1/2/91 |
| 42 Chemicals(24) | 1567.67 | — | 1567.46 | 1557.45 | 1553.91 | 1328.72 | 4.18 | 0.38 | ‡ | 47.54 | 1137.51 | 1603.61 1/9 | 1420.38 13/1 | 1629.99 8/6/92 | 71.20 1/12/74 |
| 43 Conglomerates(11) | 1585.02 | +0.1 | 1583.29 | 1589.85 | 1578.84 | 1256.30 | 4.85 | 6.57 | 17.17 | 48.48 | 1186.12 | 1589.85 6/10 | 1390.18 29/6 | 1819.48 11/8/89 | 975.19 10/11/87 |
| 44 Transport(16) | 3255.35 | +0.8 | 3234.86 | 3258.38 | 3227.21 | 2499.47 | 3.56 | 4.02 | 29.35 | 89.51 | 1216.81 | 3256.79 2/9 | 2698.55 13/1 | 3256.79 2/9/93 | 90.80 29/6/62 |
| 45 Electricity(17) | 2106.05 | +0.6 | 2093.01 | 2073.29 | 2063.58 | 1411.65 | 3.77 | 10.77 | 11.54 | 63.87 | 1398.06 | 2106.05 8/10 | 1628.06 3/2 | 2106.05 8/10/93 | 894.96 7/1/91 |
| 46 Telephone Networks(4) | 1958.96 | +0.6 | 1945.81 | 1957.19 | 1940.16 | 1445.10 | 3.46 | 5.53 | 22.06 | 34.68 | 1186.21 | 1957.19 6/10 | 1609.91 21/1 | 1957.19 6/10/93 | 517.92 30/11/84 |
| 47 Water(13) | 3733.83 | -0.5 | 3752.07 | 3724.71 | 3695.67 | 2885.98 | 4.75 | 11.57 | 9.55 | 106.71 | 1188.17 | 3761.90 14/9 | 3147.09 21/1 | 3761.90 14/9/93 | 1820.20 1/5/90 |
| 48 Miscellaneous(32) | 2416.30 | +1.3 | 2384.42 | 2409.86 | 2391.76 | 2139.54 | 4.38 | 7.97 | 14.68 | 82.76 | 1013.36 | 2532.51 1/4 | 2204.31 19/5 | [illegible] 22/12/92 | [illegible] |
| 49 INDUSTRIAL GROUP(596) | 1544.52 | +0.5 | 1537.24 | 1540.39 | 1533.39 | 1275.17 | 3.68 | 8.10 | 20.00 | 38.55 | 1106.20 | 1562.14 31/8 | 1405.86 19/1 | 1562.14 31/8/93 | 59.01 13/12/74 |
| 51 Oil & Gas(17) | 2707.96 | -0.1 | 2708.34 | 2710.80 | 2690.05 | 2013.36 | 4.16 | 5.91 | 21.15 | 71.96 | 1246.88 | 2710.80 6/10 | 2107.67 19/1 | 2710.80 6/10/93 | 87.23 29/5/62 |
| 59 "500" SHARE INDEX(616) | 1646.47 | +0.4 | 1639.65 | 1642.74 | 1634.71 | 1344.25 | 3.74 | 6.08 | 20.12 | 41.40 | 1122.16 | 1661.43 31/8 | 1474.32 19/1 | 1661.43 31/8/93 | 63.49 13/12/74 |
| 61 FINANCIAL GROUP(91) | 1194.70 | +0.5 | 1188.58 | 1191.08 | 1187.76 | 749.74 | 3.61 | 3.14 | 47.43 | 32.53 | 1414.53 | 1194.70 8/10 | 868.79 13/1 | 1194.70 8/10/93 | 55.88 13/12/74 |
| 62 Banks(9) | 1631.93 | +0.4 | 1625.12 | 1629.96 | 1624.13 | 1018.72 | 3.30 | 3.85 | 35.75 | 44.66 | 1417.76 | 1631.93 8/10 | 1183.93 13/1 | 1631.93 8/10/93 | 62.44 12/12/74 |
| 65 Insurance (Life)(6) | 2182.88 | +0.8 | 2165.27 | 2171.18 | 2168.38 | 1546.32 | 4.21 | 4.40 | 28.61 | 73.50 | 1290.04 | 2182.88 8/10 | 1724.99 13/1 | 2182.88 8/10/93 | 44.88 2/1/75 |
| 66 Insurance (Composite)(7) | 752.21 | +0.2 | 750.56 | 749.96 | 752.39 | 526.31 | 4.47 | ‡ | ‡ | 22.99 | 1243.67 | 752.39 5/10 | 617.22 19/1 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 Insurance Brokers(10) | 815.32 | -0.1 | 816.24 | 840.91 | 848.79 | 717.02 | 4.81 | 5.08 | 28.93 | 26.42 | 1089.53 | 958.50 10/8 | 781.21 28/4 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 Merchant Banks(6) | 830.09 | +0.2 | 828.51 | 831.58 | 825.88 | 466.04 | 2.79 | 5.53 | 22.43 | 15.40 | 1693.85 | 831.58 6/10 | 505.48 11/1 | 831.58 6/10/93 | 31.21 7/1/75 |
| 69 Property(30) | 1079.69 | +1.3 | 1065.38 | 1061.04 | 1053.36 | 539.74 | 3.76 | 3.74 | 35.25 | 23.09 | 1735.78 | 1079.89 8/10 | 638.39 5/1 | 1398.87 5/9/89 | 58.01 20/4/65 |
| 70 Other Financial(23) | 460.43 | +0.3 | 458.99 | 458.01 | 456.70 | 241.77 | 3.37 | 4.72 | 28.35 | 10.19 | 1568.86 | 463.82 1/9 | 297.68 13/1 | [illegible] 16/7/87 | 33.29 17/12/74 |
| 71 Investment Trusts(111) | 1697.30 | +0.3 | 1692.49 | 1699.58 | 1698.86 | 1145.62 | 2.43 | 1.94 | 51.49 | 28.16 | 1298.28 | 1706.89 18/8 | 1321.21 11/1 | 1706.89 18/8/93 | 71.12 13/12/74 |
| 99 FT-A ALL-SHARE(818) | 1536.97 | +0.4 | 1530.42 | 1533.47 | 1528.43 | 1201.00 | 3.88 | 5.47 | 22.67 | 36.75 | 1186.21 | 1537.57 27/8 | 1330.19 19/1 | 1537.57 27/8/93 | 61.92 13/12/74 |

### Hourly movements

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | Close | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3089.4 | 3091.6 | 3085.8 | 3088.2 | 3097.4 | 3096.3 | 3093.9 | 3100.6 | 3105.3 | 3108.6 | 3108.6 | 3084.1 |
| FT-SE Mid 250 | 3468.7 | 3469.6 | 3469.2 | 3469.3 | 3471.4 | 3473.5 | 3473.8 | 3477.4 | 3478.9 | 3477.3 | 3477.7 | 3468.5 |
| FT-SE-A 350 | 1543.4 | 1544.3 | 1542.0 | 1542.9 | 1546.7 | 1546.5 | 1545.6 | 1548.5 | 1550.3 | 1551.6 | 1551.7 | 1541.3 |

### FT-SE Actuaries 350 Industry Baskets

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | Close | Prev close | change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Constrcn | 2010.3 | 2003.6 | 2003.1 | 2005.0 | 2006.1 | 2006.1 | 2005.7 | 2009.1 | 2007.4 | 2007.4 | 2011.5 | -4.1 |
| Health&H | 1087.7 | 1089.3 | 1088.1 | 1087.8 | 1091.7 | 1091.8 | 1089.9 | 1092.5 | 1094.2 | 1097.6 | 1086.2 | +11.4 |
| Water | 1551.7 | 1551.7 | 1550.7 | 1545.5 | 1546.6 | 1546.2 | 1545.2 | 1545.2 | 1542.5 | 1542.0 | 1549.7 | -7.7 |
| Banks | 1972.6 | 1968.5 | 1968.5 | 1970.5 | 1973.0 | 1972.5 | 1969.5 | 1974.5 | 1983.0 | 1983.6 | 1975.3 | +8.3 |

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| FT-SE Total Return Indices | 31/12/92 | 1000.00 | Media | 31/12/90 | 1228.88 | Other Groups | 31/12/74 | 63.75 |
| FT-SE SmallCap | 31/12/92 | 1363.79 | Engineering - Aerospace | 29/12/89 | 496.00 | Industrial Group | 31/12/70 | 128.20 |
| FT-SE SmallCap ex Inv Trust | 31/12/92 | 1363.79 | Engineering - General | 29/12/89 | 486.00 | Other Financial | 31/12/70 | 128.06 |
| FT-SE Mid 250 | 31/12/85 | 1412.60 | Water | 29/12/89 | 1993.45 | Food Manufacturing | 29/12/67 | 114.13 |
| FT-SE Mid 250 ex Inv Trust | 31/12/85 | 1412.60 | Conglomerates | 31/12/86 | 1114.07 | Food Retailing | 29/12/67 | 114.13 |
| FT-SE-A 350 | 31/12/85 | 682.94 | Telephone Networks | 30/11/84 | 517.92 | Insurance Brokers | 29/12/67 | 96.67 |
| FT-SE 100 | 31/12/83 | 1000.00 | Electronics | 30/12/83 | 1646.65 | All Other | 10/4/62 | 100.00 |
| Business Services | 31/12/90 | 999.85 | Other Industrial Materials | 31/12/80 | 287.41 | British Government | [illegible] | 100.00 |
| Electricity | 31/12/90 | 999.65 | Health/Household Products | 30/12/77 | 261.77 | Do. Index-linked | 30/4/82 | 100.00 |
| | | | | | | Debs & Loans | 31/12/77 | 100.00 |

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. ⊕ Indicative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for trading on [illegible]: Pool purchase price £/MWh | Final Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 18.04 | 20.56 | 22.81 |
| 0100 | 18.01 | 20.58 | 22.81 |
| 0130 | 18.05 | 20.26 | 22.51 |
| 0200 | 20.79 | 20.58 | 22.81 |
| 0230 | 20.79 | 20.55 | 22.81 |
| 0300 | 20.79 | 20.17 | 22.42 |
| 0330 | 20.79 | 18.75 | 21.00 |
| 0400 | 20.72 | 18.75 | 21.00 |
| 0430 | 18.04 | 18.75 | 21.00 |
| 0500 | 18.03 | 18.75 | 21.00 |
| 0530 | 20.74 | 18.01 | 18.01 |
| 0600 | 20.74 | 18.03 | 18.03 |
| 0630 | 20.74 | 18.07 | 18.07 |
| 0700 | 18.05 | 20.61 | 22.78 |
| 0730 | 20.86 | 21.10 | 23.35 |
| 0800 | 21.48 | 21.48 | 23.71 |
| 0830 | 21.99 | 22.53 | 24.78 |
| 0900 | 24.07 | 23.55 | 25.80 |
| 0930 | 31.04 | 24.06 | 26.31 |
| 1000 | 33.78 | 31.00 | 33.25 |
| 1030 | 33.78 | 31.00 | 33.25 |
| 1100 | 33.78 | 31.00 | 33.25 |
| 1130 | 31.04 | 31.00 | 33.25 |
| 1200 | 24.07 | 28.34 | 30.59 |
| 1230 | 23.36 | 24.06 | 26.31 |
| 1300 | 22.46 | 21.99 | 24.24 |
| 1330 | 22.45 | 22.53 | 24.78 |
| 1400 | 18.12 | 21.99 | 24.24 |
| 1430 | 18.07 | 18.12 | 18.12 |
| 1500 | 18.03 | 18.11 | 18.11 |
| 1530 | 18.03 | 18.10 | 18.10 |
| 1600 | 18.03 | 18.10 | 18.10 |
| 1630 | 18.05 | 18.11 | 18.11 |
| 1700 | 18.06 | 21.46 | 23.71 |
| 1730 | 22.46 | 21.99 | 24.24 |
| 1800 | 22.45 | 21.99 | 24.24 |
| 1830 | 25.29 | 21.99 | 24.24 |
| 1900 | 34.14 | 21.50 | 23.75 |
| 1930 | 39.00 | 24.77 | 27.02 |
| 2000 | 39.00 | 31.00 | 33.25 |
| 2030 | 25.29 | 31.00 | 33.25 |
| 2100 | 22.55 | 31.00 | 33.25 |
| 2130 | 22.55 | 24.77 | 27.02 |
| 2200 | 22.55 | 21.99 | 24.24 |
| 2230 | 22.55 | 21.21 | 23.46 |
| 2300 | 22.55 | 21.21 | 23.46 |
| 2330 | 22.55 | 21.12 | 23.37 |
| 2400 | 18.01 | 21.10 | 23.35 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process [illegible] until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. [illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. [illegible] Monday to Friday.
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# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

## AUTHORISED UNIT TRUSTS

**ABI Unit Trust Managers Limited (1000)F**
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| ABI Garland American | 5 | 158.4 | 158.0 | 168.3 | -0.30 | 0.00 |
| ABI Garland Equity | 5 | 227.6 | 229.8 | 244.3 | -0.40 | 1.67 |
| ABI Garland Euro | 5 | 182.5 | 184.6 | 196.3 | -0.10 | 0.27 |
| ABI Garland Eur Extended | 5 | 110.2 | 111.7 | 115.8 | +1.30 | 0.00 |
| ABI Garland Gilt | 3 | 79.06 | 79.10 | 81.54 | -0.03 | 4.73 |
| ABI Garland Japan | 5 | 182.4 | 184.1 | 193.8 | +2.10 | 0.00 |

**AXA Equity & Law Unit Tst Mngrs (1200)H**
Equity & Law Hse, Corpn St, Coventry

[illegible]

**Abbey Unit Tst Mngrs (1000)H**

[illegible]

### Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✓) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (■) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

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| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Stewart Ivory Unit Tst Mgrs Ltd (1200)F** | | | | | | |
| 45 Charlotte Sq, Edinburgh | | | | 031-226 3271 | | |
| American ♥ | 5 | 352.7 | 352.7 | 376.8 | +0.6 | 0.33 |
| (Accum Units) ♥ | 5 | 415.6 | 415.6 | 444.0 | +0.7 | 0.33 |
| British | 5 | 1007.5 | 1007.5xd | 1085.9 | +0.2 | 3.37 |
| (Accum Units) | 5 | 1789.4 | 1789.4 | 1901.7 | +0.4 | 3.37 |
| Emerging Markets | 5 | 119.2 | 119.9 | 127.7 | -0.3 | 0.20 |
| (Accum Units) | 5 | 119.4 | 120.1 | 128.0 | -0.3 | 0.20 |
| European | 5 | 429.6 | 429.6 | 457.3 | +0.9 | 1.24 |
| (Accum Units) | 5 | 478.4 | 478.4 | 507.1 | +1.0 | 1.24 |
| Japan | 5 | 164.9 | 164.9 | 176.0 | +1.4 | - |
| (Accum Units) | 5 | 168.2 | 168.2 | 179.4 | +1.4 | - |
| New Pacific | 5 | 330.5 | 333.1 | 354.7 | -0.1 | 0.92 |
| (Accum Units) | 5 | 346.4 | 349.1 | 371.7 | -0.1 | 0.92 |
| Investment Tst | 5 | 206.1 | 207.1 | 218.5 | -0.5 | 1.81 |
| (Accum Units) | 5 | 230.9 | 232.9 | 247.2 | -0.5 | 1.81 |
| Mngd Equity | 5 | 161.7 | 163.6 | 173.1 | -0.2 | 1.45 |
| Mngd Equity Acc | 5 | 177.2 | 179.3 | 189.7 | -0.2 | 1.45 |
| Mngd Cash | 0 | 95.47 | 95.47xd | 95.47 | — | 5.07 |
| (Accum Units) | 0 | 129.4 | 129.4 | 129.4 | — | 5.07 |
| Majority Stg | 1 | 99.65 | 99.65xd | 100.65 | +0.02 | 4.78 |
| Majority Stg Acc | 1 | 119.38 | 119.38 | 120.58 | +0.03 | 4.78 |
| **Sun Alliance Unit Tst Mngmt Ltd (1200)F** | | | | | | |
| Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex | | | | | | |
| Enquiries: 0277 227300 | | | | Dealing 0277 [illegible] | | |
| Equity | 6 | 784.7 | 784.7 | 839.3 | -0.6 | 2.73 |
| North America | 6 | 123.4 | 123.4 | 132.0 | -0.6 | 0.04 |
| Far East | 6 | 140.0 | 140.0 | 149.7 | -0.1 | 0.22 |
| W'wide Bond | 6 | 82.44 | 82.44xd | 88.28 | +0.07 | 8.24 |
| European | 6 | 93.16 | 93.16xd | 99.66 | +0.22 | 0.79 |
| Equity Income | 6 | 90.89 | 91.67 | 97.94 | -0.14 | 3.77 |
| Portfolio | 6 | 81.16 | 81.16 | 86.80 | -0.06 | 0.81 |
| UK Leading Cos | 6 | 56.05 | 56.66 | 60.38 | -0.11 | 2.77 |
| Broker Trusts | | | | | | |
| Intnl Equity | 6 | 62.63 | 63.08 | 67.46 | +0.12 | - |
| **Sun Life of Canada Unit Mgrs Ltd (1000)H** | | | | | | |
| Basingview, Basingstoke, Hants | | | | 0800 626725 | | |
| American Growth | 6 | 33.68 | 33.74xd | 36.09 | +0.08 | 0.56 |
| Managed Assets | 6 | 125.65 | 126.90 | 135.36 | -0.29 | 2.65 |
| UK Income | 6 | 39.36 | 39.70 | 42.47 | -0.19 | 2.84 |
| UK Growth | 6 | 37.82 | 38.17xd | 40.83 | -0.15 | 2.10 |
| Worldwide Growth | 6 | 32.61 | 32.94xd | 35.24 | +0.06 | 0.65 |
| **Sun Life Trust Mngmt Ltd (1200)H** | | | | | | |
| 101, Cannon St, London EC4N 5AD | | | | | | |
| Admin & Enq: 071-606 4044 | | | | Dealing: 071-606 6010 | | |
| Master Portfolio | 6½ | 45.43 | 45.43xd | 48.58 | +0.01 | 0.44 |

| | Bid Price | Offer Price | + or - | Yield Gros |
|---|---|---|---|---|
| **Lazard Brothers & Co. Ltd** | | | | |
| Property Oct 7 | £2125 | 2270 | — | 7.89 |
| Inc Gth Prp Jul 12 | £1440.0 | 1688.6 | — | 8.58 |
| **Lazard Investors Ltd ‡** | | | | |
| Exempt Funds | | | | |
| Small Co's Oct 6 | £5680.1 | 5773.5 | — | 2.29 |
| European Oct 6 | 2781.0 | 788.8 | — | 1.40 |
| American Oct 6 | $441.1 | 445.7 | — | 1.38 |
| Japan Oct 8 | £813.1 | 820.9 | — | 0.48 |
| Pacific Oct 8 | £219.5 | 223.8 | — | 0.75 |
| Midland Gth Aug 31 | £131.90 | 143.60 | — | 3.7 |
| **Local Authorities Mutual Invest. Tst.*** | | | | |
| 2 Fore Street, London EC2Y 5AQ | | 071-588 1815 | | |
| Property Sep 30 | 180.30 | 190.56 | — | 8.31 |
| Equity Sep 30 | 1075.50 | 1108.8 | — | 2.76 |
| * Available only to Local Authorities | | | | |
| **M & G Securities Ltd** | | | | |
| Charibond (2) | 118.85 | | -0.2 | 8.09 |
| (Accum Units) | 834.88 | | -1.3 | 8.08 |
| NAACIF (2) | 48.65 | | — | 8.8 |
| **Morgan Grenfell Investment Funds Ltd** | | | | |
| Exempt Funds | | | | |
| UK Equity † Oct 5 | 180.5 | 185.2 | — | 2.39 |
| UK Small Co † Oct 5 | 840.5 | 887.3 | — | 2.84 |
| Fixed Interest † Oct 5 | 130.8 | 131.6 | — | 8.71 |
| Intl Bond Oct 5 | 147.3 | 148.7 | — | 7.68 |
| **Morgan Stanley International** | | | | |
| UK Exempt NAV | £7492.95 | | — | — |
| Overseas Exempt NAV | £1417.60 | | — | — |
| **Murray Johnstone UT Mngmt** | | | | |
| Murray Exempt Funds | | | | |
| American Exempt | 85.87 | 88.33 | -0.36 | 1.50 |
| European Exempt | 80.27 | 82.14 | +0.20 | 2.25 |
| Fixed Int Ex Oct 6 | 54.30 | 54.89 | — | 7.85 |
| Japan Exempt | 81.44 | 83.35 | +0.17 | 0.70 |
| Managed Ex Oct 6 | 57.80 | 58.04xd | — | 2.93 |
| SE Asia Exempt | 120.80 | 135.70xd | +0.20 | 1.86 |
| Sm Cos Expt Oct 6 | 45.72 | 48.00 | — | 2.53 |
| UK Eqty Ex Oct 6 | 49.17 | 51.02 | — | 3.66 |
| **NatWest Investment Management Ltd** | | | | |
| Smaller Cos Aug 20 | 6025 | 6330 | — | 3.37 |

[illegible]

## INSURANCES

[illegible]

## OTHER UK UNIT TRUSTS

[illegible]

# FT MANAGED FUNDS SERVICE

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**Prudential Assurance Co**
Holborn Bars, London EC1N 2NH 071-405 9222

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Prufund** | | | | |
| Managed Oct 6 | 320.4 | 335.8 | — | - |

**Prudential Corporate Pension Funds**
55 King's Road, Reading RG1 3AR 0734 494852

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Prudential Managed Funds** | | | | |
| Discretionary Oct 6 | £250.42 | 258.32 | +2.25 | - |
| Equity Oct 6 | £282.36 | 292.21 | +3.82 | - |
| International Oct 6 | £42.04 | 43.13 | +0.09 | - |
| Intl Bond Oct 6 | £21.61 | 21.88 | -0.14 | - |
| Fixed Int Oct 6 | £133.29 | 134.80 | +0.48 | - |
| Index Linked Oct 6 | £97.41 | 93.62 | +0.65 | - |
| Property Oct 6 | £115.45 | 122.22 | +0.41 | - |
| Cash Oct 6 | £34.06 | 34.06 | +0.03 | - |
| **Pre-Linked Retirement Plan** | | | | |
| Managed Oct 6 | 587.70 | 612.20 | +4.10 | - |
| Cash Oct 6 | 308.70 | 321.00 | +0.50 | - |
| **Prudential Pensions Investment Accounts** | | | | |
| Pens Mngd | 235.90 | 253.90 | -1.30 | - |
| Pens Mngd A | 105.70 | 111.30 | -0.60 | - |
| Pens UK Eq | 400.60 | 432.10 | -2.50 | - |
| Pens Intl | 299.40 | 321.00 | -0.10 | - |
| Pens Global Eqty | 134.30 | 141.40 | -0.60 | - |
| Pens Fixed | 299.00 | 313.80 | +0.50 | - |
| Pens Index Lk | 245.30 | 258.90 | -0.10 | - |
| Pens Property | 92.80 | 97.70 | +0.10 | - |
| Pens Cash | 201.10 | 211.80 | +0.10 | - |
| **Money Purchase Plan** | | | | |
| Discretionary (z) | 137.40 | 145.30 | -0.20 | - |
| Equity (z) | 140.10 | 150.70 | -0.30 | - |
| International (z) | 135.30 | 145.20 | +0.10 | - |
| Global Equity (z) | 138.20 | 148.30 | -0.10 | - |
| Intl Bond (z) | 150.80 | 158.70 | +0.10 | - |
| Fixed Interest (z) | 149.90 | 157.80 | -0.10 | - |
| Index Linked (z) | 134.90 | 142.00 | -0.10 | - |
| Property (z) | 104.70 | 110.20 | — | - |
| Cash (z) | 116.30 | 122.10 | — | - |

**Prudential Individual Life Funds**
55 King's Road, Reading, RG1 3AH 0734 494852

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Series I Life Funds** | | | | |
| Managed | 751.1 | 790.7 | +0.2 | - |
| Equity | 1482.2 | 1539.2 | +0.5 | - |

## MANAGEMENT SERVICES

## OFFSHORE INSURANCES

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)(**)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

# FT MANAGED FUNDS SERVICE

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## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

# WORLD STOCK MARKETS

## US MARKETS (3 pm)

## CANADA (3 pm)

## JAPAN

## INDICES

### NEW YORK

| DOW JONES | Oct 7 | Oct 6 | Oct 5 | Oct 4 | 1993 HIGH | 1993 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Industrials | 3593.93 | 3589.99 | 3587.26 | 3577.76 | 3652.09 (25/8) | 3241.95 (20/1) | 3652.09 (25/8/93) | 41.22 (2/7/32) |
| Home Bonds | 109.25 | 109.45 | 109.11 | 108.87 | 109.89 (13/9) | 103.49 (11/1) | 109.89 (13/9/93) | 54.99 (1/10/81) |
| Transport | 1635.82 | 1632.62 | 1636.04 | 1639.24 | 1683.08 (15/4) | 1453.84 (4/1) | 1683.08 (15/4/93) | 12.32 (8/7/32) |
| Utilities | 244.86 | 246.61 | 246.14 | 247.58 | 256.46 (31/8) | 217.14 (8/1) | 256.46 (31/8/93) | 10.50 (8/4/32) |

DJ Indl. Day's High 3616.32 (3620.79) Low 3584.90 (3570.21) (Theoretical♦)
Day's High 3600.67 (3605.98) Low 3583.35 (3584.46) (Actual♦)

### STANDARD AND POOR'S

| | Oct 7 | Oct 6 | Oct 5 | Oct 4 | 1993 HIGH | 1993 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 459.18 | 460.74 | 461.20 | 461.34 | 463.56 (31/8) | 429.05 (8/1) | 463.56 (31/8/93) | 4.40 (1/6/32) |
| Industrials♥ | 518.77 | 519.80 | 520.41 | 520.02 | 524.99 (10/3) | 496.48 (26/4) | 524.99 (10/3/93) | 3.62 (21/6/32) |
| Financial | 47.89 | 48.10 | 48.05 | 48.27 | 48.40 (28/9) | 39.89 (8/1) | 48.40 (28/9/93) | 8.64 (1/10/74) |
| NYSE Composite | 255.44 | 256.28 | 256.40 | 256.35 | 256.88 (31/8) | 238.21 (8/1) | 256.88 (31/8/93) | 4.46 (28/4/42) |
| Amex Mkt. Value | 463.95 | 463.28 | 461.68 | 461.58 | 463.95 (7/10) | 395.84 (8/1) | 463.95 (7/10/93) | 29.31 (9/12/72) |
| NASDAQ Composite | 762.49 | 764.77 | 762.27 | 764.84 | 764.84 (4/10) | 645.87 (26/4) | 764.84 (4/10/93) | 54.87 (31/10/72) |

| | Oct 1 | Sep 24 | Sep 17 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.85 | 2.88 | 2.81 | 3.24 |

| | Oct 6 | Sep 29 | Sep 22 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.46 | 2.49 | 2.51 | 2.70 |
| S & P Indl. P/E ratio | 27.88 | 27.76 | 27.52 | 27.40 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Urban Shop | 5,406,200 | 23½ | --- |
| Corning | 4,651,300 | 27½ | - 6⅛ |
| Telefonos | 4,181,100 | 50⅛ | - ⅝ |
| RJR Nabisco | 3,921,000 | 4½ | + ⅛ |
| Tiphook | 3,569,000 | 6⅜ | - 4¾ |
| Wal-Mart | 3,512,000 | 26¾ | + ¼ |
| Adv Micro | 3,492,100 | 20¾ | - ¼ |
| Fed Dept | 3,316,600 | 18⅞ | - ¾ |
| US Surgical | 3,096,600 | 25 | + 4¾ |
| Union Texas | 2,337,900 | 21¾ | --- |

### TRADING ACTIVITY

| † Volume (Millions) | Oct 7 | Oct 6 | Oct 5 |
|---|---|---|---|
| New York SE | 254.772 | 275.768 | 283.558 |
| Amex | 16.229 | 21.002 | 23.620 |
| NASDAQ | (u) | 297.945 | 306.431 |
| **NYSE** | | | |
| Issues Traded | 2,617 | 2,626 | 2,613 |
| Rises | 836 | 1,111 | 996 |
| Falls | 1,107 | 864 | 991 |
| Unchanged | 674 | 651 | 626 |
| New Highs | 106 | 145 | 142 |
| New Lows | 25 | 24 | 20 |

### CANADA

| TORONTO | Oct 7 | Oct 6 | Oct 5 | Oct 4 | 1993 HIGH | 1993 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2827.74 | 2897.14 | 2870.20 | 2846.57 | 3140.94 (16/8) | 2743.31 (21/1) |
| Composite | 4060.79 | 4055.46 | 4014.11 | 4002.00 | 4143.70 (1/9) | 3275.80 (21/1) |
| MONTREAL Portfolio | 1916.55 | 1903.66 | 1894.82 | 1876.09 | 1983.56 (1/9) | 1720.97 (21/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation. ♦ Correction.

| | Oct 8 | Oct 7 | Oct 6 | Oct 5 | 1993 HIGH | 1993 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 2025.2 | 2022.5 | 2018.8 | 1999.5 | 2026.26 (8/10) | 1495.00 (13/1) |
| All Mining (1/1/80) | 842.5 | 831.3 | 820.2 | 807.0 | 904.50 (2/8) | 584.70 (13/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 392.97 | 391.62 | 392.92 | 391.40 | 403.05 (21/8) | 300.28 (14/1) |
| Traded Index (2/1/91) | 1007.31 | 1002.03 | 1002.78 | 998.01 | 1019.13 (6/9) | 712.06 (15/1) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1347.1 | 1332.60 | 1321.67 | 1323.46 | 1365.70 (12/8) | 1128.46 (4/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 334.05 | 334.31 | 334.50 | 331.61 | 340.56 (19/8) | 261.90 (4/1) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 1486.3 | 1463.7 | 1457.7 | 1456.9 | 1492.90 (19/8) | 843.10 (22/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/81) | 590.92 | 595.41 | 598.84 | 590.46 | 600.51 (31/8) | 471.24 (13/1) |
| CAC 40 (31/12/87) | 2156.38 | 2147.41 | 2164.48 | 2158.77 | 2216.49 (31/8) | 1772.21 (29/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 765.57 | 764.63 | 758.39 | 753.97 | 765.57 (8/10) | 598.92 (14/1) |
| Commerzbank (1/12/53) | 2183.4 | 2179.4 | 2165.8 | 2152.1 | 2183.40 (8/10) | 1694.30 (14/1) |
| DAX (30/12/87) | 2005.01 | 1997.04 | 1987.05 | 1972.73 | 2005.01 (8/10) | 1516.50 (13/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 8005.56 | 8068.79 | 8041.57 | 7868.46 | 8068.79 (7/10) | 5437.80 (4/1) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1707.34 | 1709.00 | 1715.49 | 1715.07 | 1754.84 (19/8) | 1181.19 (11/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 590.70 | 598.16 | 600.41 | 598.47 | 632.86 (30/8) | 446.33 (8/1) |
| MIB General (4/1/93) | 1299.0 | 1310.0 | 1320.0 | 1312.0 | 1390.00 (30/8) | 982.00 (11/1) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 20378.84 | 20265.63 | 20500.25 | 20321.83 | 21148.11 (13/8) | 16287.45 (25/1) |
| Tokyo SE (Topix) (4/1/68) | 1656.40 | 1646.79 | 1653.78 | 1634.93 | 1698.67 (3/9) | 1250.06 (25/1) |
| 2nd Section (4/1/68) | 2248.85 | 2246.29 | 2249.25 | 2244.05 | 2384.97 (7/9) | 1651.72 (26/1) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 884.62 | 874.34 | 865.77 | 857.96 | 884.62 (8/10) | 614.28 (13/1) |
| **NETHERLANDS** | | | | | | |
| CBS Tt.Rtn.Gen.(End 1983) | (u) | 386.2 | 386.7 | 383.7 | 388.70 (6/10) | 285.70 (4/1) |
| CBS All Shr (End 1983) | (u) | 250.6 | 250.9 | 249.0 | 252.30 (31/8) | 198.60 (13/1) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 969.61 | 957.21 | 967.25 | 943.63 | 979.17 (13/8) | 659.83 (27/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1962.72 | 1961.04 | 1946.69 | 1951.06 | 1996.37 (17/8) | 1270.66 (4/1) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 532.12 | 533.75 | 532.8 | 530.9 | 533.75 (7/10) | 394.10 (13/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1674.0♥ | 1606.8 | 1528.0 | 1483.0 | 2098.00 (30/7) | 775.00 (5/1) |
| JSE Industrial (28/9/78) | 4504.0♥ | 4461.0 | 4463.0 | 4418.0 | 4719.00 (8/7) | 4333.00 (19/4) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 714.58 | 717.82 | 716.90 | 717.71 | 777.25 (8/9) | 605.93 (6/3) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 292.58 | 291.08 | 291.51 | 289.04 | 304.86 (30/8) | 215.60 (4/1) |
| **SWEDEN** | | | | | | |
| Affarsvariden Gen. (1/2/37) | 1346.30 | 1337.30 | 1327.0 | 1325.70 | 1346.30 (8/10) | 879.10 (28/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 1088.79 | 1089.59 | 1092.47 | 1087.77 | 1092.47 (6/10) | 904.80 (11/1) |
| SBC General (1/4/87) | 667.97 | 665.53 | 664.62 | 660.03 | 667.97 (8/10) | 678.70 (11/1) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 3863.18 | 3884.94 | 3814.62 | 3813.26 | 5013.28 (7/4) | 3086.43 (9/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 1098.64 | 1088.52 | 1058.24 | 1019.45 | 1098.64 (8/10) | 818.84 (1/6) |
| **WORLD** | | | | | | |
| M.S. Capital Intl.(1/1/70) $ | 603.2* | 599.8 | 601.3 | 597.5 | 606.20 (8/9) | 488.60 (13/1) |
| Euro Top-100 (26/6/90) | 1133.44 | 1130.57 | 1132.15 | 1125.34 | 1133.44 (8/10) | 892.73 (13/1) |

**Saturday October 2: Taiwan Weighted Price; 3809.86, Korea Comp Ex; 719.55.
♥ Subject to official recalculation. *Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

# WORLD STOCK MARKETS

AMERICA

## Mixed jobs data put Dow on downswing

### Wall Street

AFTER posting early gains in the wake of a strong bond market rally, US share prices slipped into negative territory yesterday morning as investors reacted badly to some mixed employment figures, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 14.25 at 3,569.38. The more broadly based Standard & Poor's 500 was 1.35 lower at 457.83, while the Amex composite was down 0.68 at 463.27, and the Nasdaq composite up 2.76 at 759.73. Trading volume on the NYSE was 154m shares by 1 pm.

The markets opened firmer, buoyed by surging bond prices. The Treasury market rally was sparked by the morning release of the September employment report. Although the report showed a 156,000 increase in non-farm payrolls last month, a figure in line with expectations, bond market investors focused on the underlying weakness in manufacturing jobs that was revealed by the data. Judging that the overall picture of the labour market remained weak, investors bought bonds in heavy numbers, pushing the benchmark 30-year issue up 1¼ points, and lowering the yield to 5.917 per cent.

Although the sharp drop in bond yields initially supported stocks, especially interest rate-sensitive sectors like banks, the equity market gradually turned tail and by late morning prices were firmly rooted in negative territory in the wake of several computerised sell programs.

At one stage the Dow was down by as much as 25 points, although it recovered some of the lost ground later in early afternoon trading.

Like the wider market, bank stocks failed to sustain their early advances, and by noon were in full retreat. Citicorp was down $¼ at $43⅜, Chemical off $⅛ at $45⅛, and NationsBank down $⅝ at $51⅞.

Brokerage stocks, which would normally benefit from falling interest rates, were also in trouble, unsettled by comments from analysts that the sector may have peaked after a long bull phase. Merrill Lynch fell $2⅜ to $95⅛, Salomon eased $⅞ to $47⅞, Morgan Stanley gave up $1⅜ at $84⅞ and Bear Stearns dropped $⅛ to $24.

Sears, Roebuck was a notable loser, falling $1½ to $56⅞ as concerns about the economy and consumer spending hurt retailing stocks.

On the American Stock Exchange, Amdahl fell $⅜ to $5 after the company warned it would report a third-quarter loss.

BRAZILIAN equities built on Thursday's 5.8 per cent gain in the Bovespa index with a rise of more than 3 per cent at mid-session.

The Bovespa index had advanced 545 to 17,242 by 1 pm. Some commentators said that the rally had been triggered ahead of constitutional reform talks scheduled to begin next week.

### Canada

TORONTO remained marginally higher at midday, in spite of some late morning selling. The TSE-300 composite index was 2.89 ahead at 4,063.68 after an early high of 4,074.01.

## Australia powers through 2,000 level

**The equity rally has not been dampened so far by the political crisis, writes Nikki Tait**

A stalled government budget, the prospect that parliament could be dissolved, an unemployment rate close to 11 per cent, and weak commodity prices do not seem the most promising ingredients for an Australian stock market surge.

Yet, in spite of these negative factors, the All Ordinaries index powered through the 2,000 mark this week, reaching new post-1987 crash highs. It closed yesterday at 2,026, for a week's rise of 2.7 per cent.

On an annual basis, the advance is even more remarkable: last November, the All Ordinaries dipped to a low of 1,355. Since then, it has risen by over 50 per cent, adding more than A$80bn ($52bn) to the value of Australian shares.

Analysts have few doubts about the forces that are driving the advance.

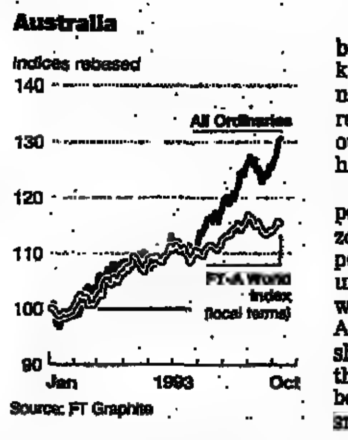
The first is corporate profitability. The recent reporting season – most companies have June year-ends – showed widespread improvements in earnings. According to one tally of 500 listed companies, total after-tax profits increased by 98 per cent. This was partly due to a much lower level of "one-off" charges, suggesting that recession-induced write-offs are coming to an end. But profits before tax and "abnormals" were also up by about 49 per cent.

*As analysts at Macquarie* Bank point out, much of this advance stemmed from cost-savings and production efficiencies which led to higher margins, rather than increases in demand.

Those same 500 companies saw sales rise by a mere 4.5 per cent.

Assuming that there are more productivity benefits to be garnered, this should mean that earnings advances can be sustained even if world economic conditions remain lacklustre. "There's not much downside risk in the current year," suggest Macquarie analysts. "Future earnings advances are not heavily contingent on sales."

In this respect, then, the country's high unemployment rate, which stood at a seasonally-adjusted 10.9 per cent in September, is not entirely unwelcome.



Most economists believe that the figure reflects the structural changes which are taking place in the corporate sector, as a nation adjusts to lower import tariff barriers and companies fight to become competitive. Employees may lose in this situation, but investors gain.

The second motor behind the market's advance is the relatively low interest rate environment, and the fact that real returns on competing fixed interest investments and money funds look unappealing at present.

Finally, seasonal factors may be weighing in. The stock market tends to pick up in the nation's summer months, and reinvestment of dividend payouts after the June year-end helps share prices higher.

*Nevertheless, there are some* potential worries on the horizon. One is the amount of corporate fund-raising that is under way. The A$2.4bn Woolworths flotation and current A$1.6bn Commonwealth Bank share sale may have grabbed the headlines, but they have been accompanied by a raft of smaller issues.

*However, opinions differ* about the impact that this supply of new paper will have on share prices generally. Mr Peter Masi, senior dealer at BZW in Sydney, suggests that many investors have been making money on recent issues, and some of these gains are being reinvested in other stocks. Nevertheless, he warns that the weight of new issues could cause some liquidity problems in the coming months, putting a temporary damper on the market's progress.

Taking a slightly longer view, analysts at Macquarie Bank predict that about A$12.5bn could be raised through equity issues over the 12 months to end-June 1994. But this, they point out, would only represent a 5 to 6 per cent increase in terms of total market capitalisation.

The major question is why the political situation is having so little impact.

Part of the answer may lie in the fact that corporate improvements, and the eventual recovery of world demand, *are independent of the Canberra hothouse.* It is also unclear where the budget impasse will eventually lead, and the senate is coming up for a two-week recess.

Nevertheless, the uncertainty has already told on the Australian dollar, and Mr Bernie Fraser, the Reserve Bank governor, did acknowledge recently that there might come a time when interest rates would need to rise to help support the currency. In that case, warns one analyst, share prices might not look quite so appealing.

EUROPE

## Dax breaks 2,000 level in afternoon enthusiasm

AFTERNOON enthusiasm left bourses back on the upgrade, *writes Our Markets Staff.*

FRANKFURT finally broke through 2,000 and stayed there, the DAX index closing up 7.97 at a new all-time high 2,005.10, up 4.9 per cent on the week, and moving on to 2,015.13 at the end of the post-bourse.

Mr Harry Jaarsma, at Dresdner Bank, said that many traders went short at the approach of the 2,000 level, and had to cover later. In a similar move, Schering, the pharmaceuticals group, rose another DM36 to DM1,056 after clearing DM1,000 on Thursday.

Other big winners included Douglas, the specialist retailer incorporating Europe's largest perfumery chain, up DM19.50 to DM574 after tips from Kleinwort Benson, and Dresdner this week; and RWE, the utility group, interest rate sensitive, expected to declare a higher dividend next Wednesday, up DM11.10 on the session and another DM4.50 to DM477.50 by the London close.

Turnover eased from DM9.6bn to DM9.4bn. Carmakers were weak, Volkswagen falling DM5 to DM375, and Daimler another DM3.80 to DM744 after it said that it would take a DM1.5bn charge from its ongoing job cuts programme against its third quarter earnings.

PARIS remained uncertain about the future direction of LVMH and the shares fell a further FFr60 to FFr3,640, bringing the losses since Tuesday, when market rumours surfaced and downgrades on the stock began to be released, to 6 per cent.

Some analysts believe that the drinks and luxury goods group might be about to announce a corporate restructuring, which could be connected to the cross-shareholding it has with Guinness. With the French group burdened by high gearing, one view is that it might look to various ways of raising capital, with a rights issue not being out of the question in some people's minds.

The CAC-40 index rose 8.97 to 2,156.38, up 1.9 per cent on the week. Peugeot recovered some early losses to end off FFr5 at FFr645 as investors took the view that, in spite of slightly better than expected first half results, the situation at the car group remains depressed. BSN, the food group, shed FFr26 to FFr862 on a similar earnings outlook.

ZURICH finished close to Wednesday's record high, still supported by the prospect of lower interest rates. The SMI index rose 5.6 to 2,533.6 for a 2.1 per cent advance over the week.

Interest rate sensitive banks and insurers were major beneficiaries. UBS bearers added SFr12 to a record SFr1,244. Among insurers finishing a strong week with further rises, Zurich Insurance added SFr18 to SFr1,338 and Winterthur rose SFr7 to SFr712.

Mr Mirko Sangiorgio of Bank Julius Baer noted that the insurance sector was benefitting from plans to change its weighting in the SMI index from the current 4 per cent to 12 per cent from January 1, at the expense of chemicals, foods and banks.

MILAN 's Comit index fell 5.46 to 590.70, down 0.7 per cent on the week. Credito Italiano fell L90 to L2,534; the bank had been quoted 3 per cent higher in pre-bourse dealings after Iri, the state holding company, reaffirmed its plans to sell it off before the end of the year.

Ferruzzi finished L8.50 higher at L333.80, in heavy speculative and volatile trade as its main creditor banks met to discuss the rescue package.

Cirio, Bertolli, de Rica, the state controlled foods group, dipped L70 or 6.2 per cent to L1,061 following the announcement of its sale to a co-operative group. Olivetti fell another L67 to L1,857, analysts tending to blame arbitrage activity between the stock and a convertible bond launched by its parent, Cir.

AMSTERDAM reacted to the news overnight that the state's 7 per cent shareholding in ING, the financial services group, had been sold to the healthcare workers' pension fund by marking the shares up 80 cents to a new 1993 high of Fl 77.90.

The CBS Tendency index closed up 0.3 at 128.0, for a week's gain of 2.2 per cent.

In contrast, Boskalis, the dredging group, lost Fl 1.00 to Fl 39.10, after the announcement that it was to purchase Ballast Nedam, a construction subsidiary of British Aerospace, for around Fl 500m.

### FT-SE Actuaries Share Indices

October 8 — THE EUROPEAN SERIES

| Hourly changes | Open | 11.30 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | Close |
|---|---|---|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1312.88 | 1315.77 | 1316.32 | 1318.80 | 1318.42 | 1319.98 | 1320.78 | 1321.18 |
| FT-SE Eurotrack 200 | 1399.82 | 1402.67 | 1404.02 | 1404.12 | 1402.84 | 1404.74 | 1404.97 | 1405.48 |

| | Oct 7 | Oct 6 | Oct 5 | Oct 4 | Oct 1 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1317.76 | 1321.84 | 1313.91 | 1299.14 | 1293.99 |
| FT-SE Eurotrack 200 | 1401.97 | 1403.39 | 1391.47 | 1377.73 | 1368.19 |

Base value 1000 (26/10/90) Highday: 100 - 1321.47; 200 - 1411.91 Lowday: 100 - 1312.88 200 - 1399.82

Written and edited by William Cochrane, John Pitt and Michael Morgan.

ASIA PACIFIC

## Strong demand takes Kuala Lumpur to peak

### Tokyo

OPTION-related selling depressed share prices in the morning session, but a later rise in the futures market prompted arbitrage buying, and the Nikkei average finally closed moderately higher ahead of the three-day weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei rose 113.01 to 20,378.64, 0.5 per cent up on the week, after a low of 20,180.02 and a high of 20,405.04. Prices lost ground on selling related to the settlement of October options contracts. The index rose in the last 30 minutes of trading on arbitrage linked buying.

Volume totalled 320m shares against 287m. Advances led declines by 532 to 438 with 198 issues remaining unchanged. The Topix index of all first section stocks closed up 9.61 at 1,656.40 and, in London, the ISE Nikkei 50 index rose 2.6 to close at 1287.21.

Traders sold small-capital stocks included in the Nikkei 225 index ahead of an announcement of a new capitalisation weighted index by the Nihon Keizai Shimbun after the market closed. Speculation that the new Nikkei index would be similar to the capitalisation weighted Topix index prompted buying of Topix components.

After the market closed, the new Nikkei index, composed of 300 stocks, was announced. The Osaka stock exchange is expected to launch a futures contract on the new index in the near future.

Some car makers were strong on hopes that they would become components of the new index. Mitsubishi Motors, which was included in the new benchmark, rose Y7 to Y839.

On the other hand, small capital components of the Nikkei 225 lost ground. Toho Rayon fell Y21 to Y526 and Nitto Boseki declined Y6 to Y384. Both stocks were not included in the Nikkei 300.

In Osaka, the OSE average fell 27.70 to 22,374.06 in volume of 13.7m shares. Dealers liquidate positions ahead of the long weekend, although the index recouped some of the losses on late buying.

### Roundup

Many Pacific Rim markets paused for breath at the end of a high-performance week.

KUALA LUMPUR was an exception, finding strong retail and institutional demand which took the composite index 10.28 ahead to a record high of 884.62, a 2.9 per cent gain on the week. The market took its lead from a M$2 rise to M$29 by Genting on continued talk of a floating casino deal.

BANGKOK continued to move ahead in calmer trade as foreign and local institutions overcame the impact of selling by local individual investors of blue chips and large-capitalisation stocks.

The SET index gained 10.12 to 1,098.64, 10.7 per cent higher on the week, with turnover still high at Bt16.4bn but dull in comparison with the record Bt26.9bn on Thursday.

HONG KONG closed easier but off the day's lows in subdued trade with Chinese investors taking profits ahead of the weekend. The Hang Seng index, which had closed at record highs over the previous five sessions, ended 61.23 lower at 8,005.56, but this was still a 4.3 per cent advance on the week. Turnover shrank to HK$3.86bn from HK$6.59bn on Thursday.

Blue chips fell across the board while Sun Hung Kai Properties slipped 50 cents to HK$42.50 ahead of annual results due after the market closed.

NEW ZEALAND weathered a morning bout of profit-taking and the NZSE 40 capital index finished 2.22 lower at 2,016.74 in heavy trading, still 3.9 per cent higher over the week.

TAIWAN extended early losses to end lower across the board after profit-taking eroded Thursday's 2.1 per cent surge. The weighted index ended 31.75 lower at 3,863.19 in turnover of T$15.48bn against Thursday's T$18.99bn, for a 1.5 per cent rise on the week.

Banking stocks were the heaviest losers, with Taipei Business Bank down T$1.50 to T$62.50. China Steel sank 40 cents to T$17.70.

MANILA moved ahead on the strength of blue chips and the composite index added 21.68 to 1,982.72, 1.2 per cent higher on the week.

SEOUL took time to consolidate in the absence of news to drive the market and the composite index edged 3.24 lower to 714.58 for a 0.7 per cent fall on the week.

SINGAPORE drifted easier with Malaysian speculative issues continuing to fuel market activity amid rumours of corporate restructuring and takeovers. The Straits Times Industrial index eased 5.96 to 2,031.45, for a 0.6 per cent rise over the week.

### SOUTH AFRICA

*GOLD shares lost some early gains by the close but the market remained firm overall with* steady foreign buying being noted. The gold index rose by 70, or 4.4 per cent to 1,676, industrials by 23 to 4,504 and the overall by 52 to 3,871.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| Notes | Price £ | + or - | 1993 high | 1993 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| Treas 13¼pc 1993‡‡ | 100[illegible] | — | 103[illegible] | 100[illegible] | 13.63 | 5.75 |
| 8½pc 1994 | 100⅞ | -⅛ | 102[illegible] | 100⅞ | 8.43 | 5.57 |
| 14½pc 1994‡‡ | 103[illegible] | -⅛ | 108¼ | 103[illegible] | 14.01 | 5.48 |
| Exch 13½pc 1994 | 104[illegible]xd | -⅛ | 109[illegible] | 104[illegible] | 12.95 | 5.50 |
| Treas. 10pc Ln. 1994‡‡ | 102⅞ | -⅛ | 105[illegible] | 102⅞ | 9.72 | 5.53 |
| Exch 12½pc 1994 | 105[illegible] | -⅛ | 110[illegible] | 105[illegible] | 11.87 | 5.45 |
| Treas 9pc 1994‡‡ | 103⅞ | — | 105[illegible] | 103⅞ | 8.69 | 5.49 |
| 12pc 1995 | 108 | — | 111[illegible] | 108 | 11.11 | 5.47 |
| Exch 3pc Gas 90-95 | 97¼xd | — | 97¼ | 94 | 3.07 | 4.86 |
| 10¼pc 1995 | 107[illegible] | — | 109⅝ | 107[illegible] | 9.52 | 5.57 |
| Treas 12¾pc 1995‡‡ | 113[illegible] | — | 116⅝ | 113½ | 11.22 | 5.70 |
| 14pc 1996 | 117[illegible] | — | 120⅝ | 117½ | 11.85 | 5.80 |
| 15¼pc 1996‡‡ | 121½xd | — | 125⅞ | 121⅝ | 12.61 | 5.80 |
| Exch 13¼pc 1996‡‡ | 117¼ | — | 120[illegible] | 115¼ | 11.30 | 5.92 |
| Conversion 10pc 1996 | 110⅝ | +⅛ | 111½ | 106⅞ | 9.02 | 6.06 |
| Treas 13¼pc 1997‡‡ | 120½ | +⅛ | 122[illegible] | 118½ | 11.00 | 6.20 |
| Exch 10½pc 1997 | 112⅞ | +⅛ | 113⅝ | 110[illegible] | 9.30 | 6.16 |
| Treas 8¾pc 1997‡‡ | 106[illegible] | +⅛ | 109 | 106½ | 8.06 | 6.18 |
| Exch 15pc 1997 | 130¼xd | +⅛ | 132[illegible] | 127[illegible] | 11.60 | 6.30 |
| 9¾pc 1998 | 112[illegible] | +⅛ | 112[illegible] | 109[illegible] | 8.67 | 6.34 |
| Treas 7¼pc 1998‡‡ | 103[illegible]xd | +⅛ | 103⅞ | 99[illegible] | 6.96 | 6.24 |
| 7¼pc 1998 B‡‡ | 103[illegible] | +⅛ | 103¾ | 101[illegible] | 6.99 | 6.25 |
| Treas 6¾pc 1995-98‡‡ | 101½xd | — | 101¼ | 97[illegible] | 6.67 | 5.99 |
| 14pc '98-1 | 128[illegible] | +⅛ | 129½ | 125[illegible] | 10.89 | 6.67 |
| Five to Fifteen Years | | | | | | |
| Treas 15½pc '98‡‡ | 137½xd | +⅛ | 139[illegible] | 133[illegible] | 11.29 | 6.55 |
| Exch 12pc 1998 | 122[illegible] | +⅛ | 123[illegible] | 118⅞ | 9.78 | 6.65 |
| Treas 9½pc 1999‡‡ | 113[illegible] | +⅛ | 113½ | 108[illegible] | 8.39 | 6.47 |
| Exch 12¼pc 1999 | 124[illegible] | +⅛ | 125⅝ | 120[illegible] | 9.80 | 6.70 |
| Treas 10½pc 1999 | 117[illegible] | +⅛ | 118⅝ | 112[illegible] | 8.90 | 6.66 |
| Conversion 10¼pc 1999 | 117[illegible] | +⅛ | 118[illegible] | 112[illegible] | 8.70 | 6.63 |
| 9pc 2000‡‡ | 112[illegible] | +⅛ | 113 | 106 | 8.00 | 6.54 |
| Treas 13pc 2000 | 132⅝ | +⅛ | 133[illegible] | 125½ | 9.80 | 6.86 |
| 10pc 2001 | 118⅛ | +⅛ | 118⅝ | 109[illegible] | 8.47 | 6.81 |
| 7pc '01(£57¼ P/P)‡‡ | 61[illegible] | — | 61[illegible] | 57[illegible] | 6.69 | 6.87 |
| 9¾pc 2002 | 118½ | +[illegible] | 119[illegible] | 109⅞ | 8.23 | 6.91 |
| 8pc 2003‡‡ | 108⅛ | +[illegible] | 109[illegible] | 97[illegible] | 7.39 | 6.81 |
| 8pc 2003 A‡‡ | 109[illegible] | +[illegible] | 109[illegible] | 102⅞ | 7.39 | 6.82 |

### BRITISH FUNDS - Cont.

| Notes | Price £ | + or - | 1993 high | 1993 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 10pc 2003 | 121⅞ | +⅛ | 122[illegible] | 108⅝ | 8.24 | 6.97 |
| Treas 11½pc 2001-4 | 125[illegible]xd | +⅛ | 125[illegible] | 116[illegible] | 9.19 | 7.06 |
| Funding 3½pc '99-4 | 80[illegible] | +⅛ | 81[illegible] | 67[illegible] | 4.33 | 5.93 |
| Treas 6¾pc 2004 | [illegible] | +[illegible] | [illegible] | 47[illegible] | [illegible] | 6.86 |
| Conversion 9½pc 2004 | 112⅞xd | +[illegible] | 119[illegible] | 105[illegible] | 7.99 | 7.00 |
| 9½pc 2005 | 119[illegible]xd | +[illegible] | 119[illegible] | 105[illegible] | 7.97 | 7.03 |
| Treas 12½pc 2003-5 | 136[illegible] | +⅛ | 137¼ | 124[illegible] | 9.14 | 7.28 |
| 7¾pc 2006‡‡ | 105[illegible] | +[illegible] | 106[illegible] | 94[illegible] | 7.35 | 7.04 |
| 8pc 2002-6‡‡ | 106⅞ | +[illegible] | 107 | 94[illegible] | 7.52 | 7.04 |
| Treas 11¾pc 2003-7 | 129[illegible] | +[illegible] | 130⅝ | 118[illegible] | 9.04 | 7.24 |
| Treas 8½pc 2007‡‡ | 112⅛ | +[illegible] | 112[illegible] | 97[illegible] | 7.59 | 7.09 |
| 8½pc 2007 C (£50)‡‡ | 63[illegible] | +[illegible] | 63[illegible] | 59[illegible] | 7.59 | 7.10 |
| 13½pc '04-8 | 144[illegible] | +⅛ | 146[illegible] | 131[illegible] | 9.31 | 7.28 |
| Over Fifteen Years | | | | | | |
| Treas 9pc 2008‡‡ | 117xd | +[illegible] | 117⅞ | 101¼ | 7.69 | 7.12 |
| 8pc 2009 | 107[illegible] | +⅛ | 108[illegible] | 92[illegible] | 7.41 | 7.15 |
| Conv 9pc Ln 2011‡‡ | 118⅝ | +⅛ | 118⅝ | 100½ | 7.62 | 7.16 |
| 9pc 2011 D (£50)‡‡ | 61⅝ | +[illegible] | 61⅝ | 49⅞ | [illegible] | 7.17 |
| Treas 9pc 2012‡‡ | 119[illegible] | +[illegible] | 119[illegible] | 100[illegible] | 7.56 | 7.16 |
| Treas 5½pc 2008-12‡‡ | 87 | +½ | 87 | 70¼ | 6.32 | 6.73 |
| Treas 8pc 2013‡‡ | 108⅝ | +[illegible] | 108⅝ | 93[illegible] | 7.36 | 7.15 |
| 7¾pc 2012-15‡‡ | 106⅛ | +⅛ | 106[illegible] | 89⅞ | 7.27 | 7.09 |
| Treas 8¾pc 2017‡‡ | 117[illegible] | +[illegible] | 117[illegible] | 97[illegible] | 7.42 | 7.16 |
| Exch 12pc '13-'17 | 148[illegible] | +[illegible] | 149[illegible] | 125[illegible] | 8.07 | 7.32 |
| Undated | | | | | | |
| Consols 4pc | 53[illegible] | +⅛ | 54[illegible] | 43⅞ | 7.43 | - |
| War Loan 3½pc‡‡ | 48[illegible] | +[illegible] | 48[illegible] | 38⅞ | 7.23 | - |
| Conv 3½pc '61 Aft. | 65¼xd | +⅛ | 67⅝ | 60⅞ | 5.24 | - |
| Treas 3pc '66 Aft. | 39[illegible] | +⅛ | 40⅞ | 33½ | 7.58 | - |
| Consols 2½pc | 35[illegible] | +¼ | 36¼ | 29⅞ | 7.10 | - |
| Treas. 2½pc | 34[illegible] | +[illegible] | 34¼ | 27[illegible] | 7.35 | - |

### BRITISH FUNDS - Cont.

| Index-Linked Notes (b) | Price £ | + or - | 1993 high | 1993 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|
| Treas. 2pc '94 (102.9) | 135[illegible] | — | 136[illegible] | 131⅞ | - | - |
| 2pc '96 (67.9) | 200[illegible] | +⅛ | 200[illegible] | 194[illegible] | 1.61 | 2.36 |
| 4⅝pc '98‡‡ (135.6) | 110½xd | +⅛ | 110⅞ | 105[illegible] | 1.92 | 2.84 |
| 2½pc '01 (78.3) | 169[illegible] | +[illegible] | 170 | 158 | 2.63 | 2.98 |
| 2½pc '03 (78.8) | 168[illegible] | +[illegible] | 168[illegible] | 155 | 2.78 | 3.05 |
| 4⅜pc '04‡‡ (135.6) | 113⅞xd | +⅛ | 113[illegible] | 106½ | 2.79 | 3.07 |
| 2pc '06 (69.5) | 177⅛ | +⅛ | 177⅛ | 159¼ | 2.79 | 3.00 |
| 2½pc '09 (78.8) | 161[illegible] | +⅛ | 161[illegible] | 144 | 2.83 | 3.12 |
| 2½pc '11 (74.6) | 165[illegible] | +⅛ | 165⅝ | 148[illegible] | 2.85 | 3.13 |
| 2½pc '13 (89.2) | 139⅝ | +⅛ | 139⅝ | 122[illegible] | 2.99 | 3.15 |
| 2½pc '16 (81.6) | 150[illegible] | +⅛ | 150[illegible] | 130[illegible] | 3.01 | 3.18 |
| 2½pc '20 (83.0) | 145[illegible]xd | +⅛ | 146[illegible] | 124[illegible] | 3.05 | 3.19 |
| 2½pc '24‡‡ (97.7) | 122⅝ | +⅛ | 122⅝ | 102⅝ | 3.08 | 3.18 |
| 4⅛pc '30‡‡ (135.1) | 122[illegible] | +⅛ | 122[illegible] | 103¼ | 3.08 | 3.18 |

*Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1993: 137.9 and for August 1993: 141.3.*

### OTHER FIXED INTEREST

| Notes | Price £ | + or - | 1993 high | 1993 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| African Dev 11¼ 2010 | 134[illegible] | +[illegible] | 135 | 115⅞ | 8.39 | 7.45 |
| Asian Dev 10¼pc 2009 | 125[illegible] | +⅛ | 128[illegible] | 108[illegible] | 8.18 | 7.41 |
| B'ham 11½pc 2012 | 130[illegible] | — | 131¼ | 114 | 8.80 | 8.28 |
| Ireland Cap 8½pc '10 | 107½ | +⅛ | 120 | 95 | 7.91 | - |
| 9pc Cap 1996 | 101⅝ | +¼ | 118 | 97⅞ | 8.85 | - |
| 13pc '97-2 | 118 | — | 130 | 110 | 11.30 | - |
| Hydro Quebec 15pc 2011 | 161[illegible] | +[illegible] | 162[illegible] | 138[illegible] | 9.30 | 8.91 |
| Leeds 13½pc 2006 | 142 | — | 142⅞ | 128 | 9.51 | 8.38 |
| Liverpool 3½pc Irred | 41 | — | 41½ | 34 | 8.54 | - |
| LCC 3pc '20 Aft | 37¼ | — | 37½ | 30½ | 8.05 | - |
| Manchester 11½pc 2007 | 127 | — | 130¼ | 114 | 9.06 | 8.25 |
| Met. Wtr. 3pc 'B' | 73½ | — | 73½ | 63¼ | 4.08 | 6.65 |
| Wales Anglia 3⅞pc 2021 | 141 | — | 141 | 117½ | - | 4.02 |
| 4⅛pc IL 2024 | 139¼ | — | 139¼ | 115⅞ | - | 3.96 |
| [illegible] | 148 | — | 148 | 132¼ | 11.16 | - |

Continued on next page

### FT-SE Actuaries Share Indices — Quarterly Valuation

| | Market capitalisation as at Sep 30 1993 (£m.) | % of all share index | Market capitalisation as at Jun 30 1993 (£m.) | % of all share index | Market capitalisation as at Dec 31 1992* (£m.) | % of all share index |
|---|---|---|---|---|---|---|
| FT-SE 100 † | 488,000.00 | 72.38 | 453,000.00 | 72.78 | 447,000.00 | 75.2 |
| FT-SE Mid 250 † | 144,000.00 | 21.24 | 135,000.00 | 21.13 | 116,000.00 | 19.5 |
| FT-SE Mid 250 ex Inv Trusts | 130,000.00 | 19.18 | 121,000.00 | 19.06 | - | - |
| FT-SE-A 350 † | 633,000.00 | 93.62 | 598,000.00 | 93.91 | 563,000.00 | 94.7 |
| FT-SE SmallCap † | 43,000.00 | 6.38 | 39,000.00 | 6.09 | 31,200.00 | 5.3 |
| FT-SE SmallCap ex Inv Trusts † | 36,000.00 | 5.30 | 32,000.00 | 5.06 | 26,200.00 | 4.4 |
| FT-A ALL-SHARE | 676,074.15 | 100.0 | 636,790.95 | 100.0 | 594,374.03 | 100.0 |
| 1 CAPITAL GOODS GROUP 216 | 100,476.22 | 14.86 | 92,344.73 | 14.49 | 77,916.77 | 13.11 |
| 2 Building Materials 28 | 19,362.45 | 2.86 | 15,222.06 | 2.39 | 12,399.66 | 2.09 |
| 3 Contracting, Construction 29 | 5,627.79 | 0.83 | 5,121.96 | 0.81 | 3,777.91 | 0.64 |
| 4 Electricals 15 | 3,262.76 | 0.48 | 3,014.39 | 0.47 | 2,506.58 | 0.42 |
| 5 Electronics 39 | 17,072.70 | 2.53 | 15,842.18 | 2.49 | 13,133.66 | 2.21 |
| 6 Engineering-Aerospace 7 | 5,136.71 | 0.76 | 4,585.42 | 0.72 | 3,251.35 | 0.55 |
| 7 Engineering-General 49 | 11,955.51 | 1.77 | 11,802.66 | 1.85 | 10,146.33 | 1.71 |
| 8 Metals and Metal Forming 10 | 4,601.59 | 0.68 | 3,793.29 | 0.60 | 3,038.26 | 0.51 |
| 9 Motors 20 | 6,359.73 | 0.94 | 5,798.77 | 0.91 | 5,023.82 | 0.85 |
| 10 Other Industrial 19 | 27,098.98 | 4.01 | 27,063.96 | 4.25 | 24,639.16 | 4.15 |
| 21 CONSUMER GROUP 239 | 220,544.05 | 32.62 | 214,219.48 | 33.64 | 219,568.43 | 36.94 |
| 22 Brewers and Distillers 29 | 34,879.05 | 5.16 | 35,955.50 | 5.65 | 39,445.11 | 6.64 |
| 25 Food Manufacturing 24 | 24,580.94 | 3.64 | 23,790.50 | 3.73 | 23,910.38 | 4.02 |
| 26 Food Retailing 17 | 20,539.15 | 3.04 | 23,260.76 | 3.65 | 24,962.25 | 4.20 |
| 27 Health and Household 31 | 51,432.86 | 7.60 | 48,988.03 | 7.69 | 54,845.13 | 9.23 |
| 29 Hotels & Leisure 20 | 15,457.73 | 2.29 | 14,660.06 | 2.30 | 13,355.57 | 2.25 |
| 30 Media 34 | 22,991.81 | 3.40 | 21,583.53 | 3.39 | 19,074.02 | 3.21 |
| 31 Packaging, Paper & Printing 25 | 9,001.56 | 1.33 | 8,457.36 | 1.33 | 7,331.69 | 1.23 |
| 34 Stores 39 | 37,676.14 | 5.57 | 33,755.36 | 5.30 | 33,112.46 | 5.57 |
| 35 Textiles 20 | 3,996.03 | 0.59 | 3,818.29 | 0.60 | 3,511.82 | 0.59 |
| 40 OTHER GROUPS 144 | 165,111.41 | 24.42 | 153,607.24 | 24.12 | 149,462.11 | 25.15 |
| 41 Business Services 27 | 10,696.62 | 1.58 | 10,722.97 | 1.68 | 9,808.76 | 1.65 |
| 42 Chemicals 24 | 15,175.55 | 2.24 | 14,823.37 | 2.33 | 17,845.65 | 3.00 |
| 43 Conglomerates 11 | 19,127.60 | 2.83 | 18,729.58 | 2.94 | 17,434.76 | 2.93 |
| 44 Transport 16 | 17,201.51 | 2.54 | 15,571.66 | 2.45 | 14,372.04 | 2.42 |
| 45 Electricity 17 | 25,928.19 | 3.84 | 22,124.87 | 3.47 | 19,680.21 | 3.31 |
| 46 Telephone Networks 4 | 42,210.74 | 6.25 | 39,971.91 | 6.28 | 37,295.37 | 6.27 |
| 47 Water 13 | 12,446.53 | 1.84 | 11,080.83 | 1.74 | 11,057.74 | 1.86 |
| 48 Miscellaneous 32 | 22,332.67 | 3.30 | 20,574.89 | 3.23 | 21,980.34 | 3.70 |
| 49 INDUSTRIAL GROUP 599 | 486,132.58 | 71.90 | 460,071.45 | 72.25 | 446,967.31 | 75.20 |
| 51 Oil and Gas 18 | 60,679.94 | 8.98 | 57,084.06 | 8.96 | 50,860.01 | 8.56 |
| 59 "500" SHARE INDEX 617 | 546,812.52 | 80.88 | 517,155.51 | 81.21 | 497,827.32 | 83.76 |
| 61 FINANCIAL GROUP 90 | 108,157.09 | 16.00 | 100,232.01 | 15.74 | 79,964.00 | 13.45 |
| 62 Banks 9 | 57,646.58 | 8.53 | 53,918.53 | 8.47 | 43,552.10 | 7.33 |
| 65 Insurance (Life) 6 | 11,230.40 | 1.66 | 11,254.69 | 1.77 | 9,460.02 | 1.59 |
| 66 Insurance (Composite) 7 | 13,586.17 | 2.01 | 12,908.95 | 2.03 | 11,046.20 | 1.86 |
| 67 Insurance Brokers 10 | 2,860.67 | 0.42 | 2,853.60 | 0.45 | 2,440.03 | 0.41 |
| 68 Merchant Banks 6 | 4,942.66 | 0.73 | 4,144.04 | 0.65 | 3,038.56 | 0.51 |
| 69 Property 29 | 12,752.58 | 1.89 | 10,654.83 | 1.67 | 6,991.90 | 1.18 |
| 70 Other Financial 23 | 5,138.03 | 0.76 | 4,397.37 | 0.69 | 3,417.18 | 0.57 |
| 71 Investment Trusts 111 | 21,104.34 | 3.12 | 19,403.43 | 3.05 | 16,582.78 | 2.79 |
| 99 ALL-SHARE INDEX 818 | 676,074.15 | 100.0 | 636,790.95 | 100.0 | 594,374.03 | 100.0 |

† Figures rounded due to slight pricing inconsistencies. * Market Capitalisation figures for 31/12/92 after Year End changes.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock | Thu Oct 7 1993: US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | Wed Oct 6 1993: US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Dollar Index: 1993 High | 1993 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 149.87 | +0.4 | 145.94 | 99.57 | 126.46 | 151.96 | +0.1 | 3.40 | 149.33 | 145.08 | 99.68 | 126.01 | 151.81 | 149.87 | 117.39 | 123.72 |
| Austria (17) | 175.07 | +0.3 | 170.48 | 116.31 | 147.72 | 147.69 | +0.2 | 1.07 | 174.51 | 169.54 | 116.49 | 147.25 | 147.37 | 180.43 | 131.18 | 153.52 |
| Belgium (42) | 149.92 | -0.1 | 145.99 | 99.59 | 126.50 | 130.14 | -0.1 | 4.43 | 150.04 | 145.77 | 100.15 | 126.60 | 130.24 | 156.76 | 131.19 | 140.96 |
| Canada (107) | 124.25 | +0.3 | 120.99 | 82.54 | 104.84 | 119.98 | +0.2 | 2.82 | 123.87 | 120.35 | 82.68 | 104.51 | 119.79 | 130.38 | 111.41 | 114.80 |
| Denmark (32) | 233.92 | +0.1 | 227.79 | 155.41 | 197.38 | 209.26 | +0.1 | 1.08 | 233.76 | 227.11 | 156.04 | 197.25 | 208.96 | 233.92 | 185.11 | 194.42 |
| Finland (23) | 116.71 | +0.7 | 113.65 | 77.54 | 98.48 | 141.48 | +0.8 | 0.73 | 115.91 | 112.61 | 77.38 | 97.81 | 140.39 | 118.56 | 85.50 | 56.84 |
| France (97) | 170.77 | -0.8 | 166.29 | 113.44 | 144.08 | 152.15 | -0.6 | 3.03 | 172.17 | 167.27 | 114.92 | 145.27 | 153.13 | 172.17 | 142.72 | 148.64 |
| Germany (60) | 133.20 | +0.6 | 129.71 | 88.50 | 112.39 | 112.39 | +0.6 | 1.87 | 132.41 | 128.64 | 88.40 | 111.72 | 111.72 | 133.20 | 101.59 | 108.27 |
| Hong Kong (55) | 319.84 | +0.7 | 311.46 | 212.49 | 269.89 | 317.21 | +0.6 | 3.21 | 317.52 | 308.49 | 211.95 | 267.93 | 315.24 | 319.84 | 218.82 | 230.13 |
| Ireland (14) | 172.85 | -0.7 | 168.32 | 114.83 | 145.85 | 167.56 | -0.7 | 3.35 | 173.99 | 169.04 | 116.14 | 146.81 | 168.67 | 173.99 | 129.28 | 136.11 |
| Italy (70) | 73.15 | -1.2 | 71.23 | 48.59 | 61.72 | 87.51 | -0.4 | 1.85 | 74.05 | 71.95 | 49.43 | 62.48 | 87.91 | 78.93 | 53.78 | 51.95 |
| Japan (469) | 155.76 | +0.0 | 151.68 | 103.48 | 131.45 | 103.48 | -0.4 | 0.80 | 155.71 | 151.28 | 103.94 | 131.40 | 103.94 | 165.91 | 100.75 | 107.65 |
| Malaysia (69) | 432.17 | +1.1 | 420.84 | 287.10 | 364.65 | 422.93 | +1.1 | 1.64 | 427.26 | 415.11 | 285.19 | 360.51 | 418.46 | 432.17 | 251.66 | 244.67 |
| Mexico (19) | 1680.72 | +0.1 | 1636.66 | 1116.59 | 1418.18 | 5717.73 | +0.0 | 0.86 | 1678.87 | 1631.11 | 1120.67 | 1416.62 | 5718.78 | 1771.56 | 1410.30 | 1333.34 |
| Netherland (24) | 189.55 | -0.2 | 184.58 | 125.93 | 159.94 | 157.76 | -0.2 | 3.47 | 189.97 | 184.57 | 126.81 | 160.30 | 158.02 | 189.97 | 150.39 | 160.43 |
| New Zealand (13) | 62.44 | +2.4 | 60.80 | 41.48 | 52.68 | 60.31 | +2.0 | 3.70 | 61.00 | 59.27 | 40.72 | 51.47 | 59.11 | 62.98 | 40.58 | 39.75 |
| Norway (23) | 179.02 | +0.1 | 174.33 | 118.94 | 151.06 | 172.40 | +0.3 | 1.46 | 178.79 | 173.71 | 119.35 | 150.87 | 171.94 | 179.02 | 137.71 | 136.95 |
| Singapore (38) | 309.56 | -0.2 | 301.44 | 205.66 | 261.20 | 223.68 | +0.4 | 1.51 | 310.29 | 301.47 | 207.13 | 261.82 | 222.85 | 310.29 | 207.04 | 186.16 |
| South Africa (60) | 212.92 | +3.5 | 207.34 | 141.45 | 179.66 | 190.71 | +2.3 | 2.75 | 205.69 | 199.84 | 137.30 | 173.56 | 186.48 | 215.29 | 144.72 | 157.23 |
| Spain (42) | 138.14 | -0.8 | 134.52 | 91.77 | 116.56 | 138.08 | -0.1 | 4.14 | 139.23 | 135.27 | 92.94 | 117.48 | 138.23 | 140.97 | 115.23 | 112.86 |
| Sweden (36) | 194.61 | +0.1 | 189.51 | 129.29 | 164.22 | 232.71 | +0.5 | 1.45 | 194.43 | 188.90 | 129.79 | 164.06 | 231.56 | 196.23 | 149.70 | 150.49 |
| Switzerland (50) | 142.90 | -0.4 | 139.15 | 94.94 | 120.59 | 128.29 | -0.2 | 1.72 | 143.42 | 139.34 | 95.74 | 121.03 | 126.48 | 143.42 | 108.91 | 115.13 |
| United Kingdom (218) | 191.37 | -0.5 | 186.35 | 127.12 | 161.46 | 186.35 | -0.3 | 3.84 | 192.30 | 186.83 | 128.35 | 162.25 | 186.83 | 192.30 | 162.00 | 169.80 |
| USA (518) | 187.65 | -0.3 | 182.73 | 124.67 | 158.34 | 187.65 | -0.3 | 2.74 | 188.29 | 182.93 | 125.69 | 158.86 | 188.29 | 189.40 | 175.38 | 166.64 |
| Europe (748) | 160.75 | -0.3 | 156.54 | 106.80 | 135.65 | 149.96 | -0.1 | 3.01 | 161.31 | 156.72 | 107.68 | 136.12 | 150.16 | 161.31 | 133.92 | 136.31 |
| Nordic (114) | 184.75 | +0.2 | 179.91 | 122.74 | 155.89 | 191.20 | +0.4 | 1.28 | 184.45 | 179.20 | 123.12 | 155.64 | 190.37 | 184.75 | 142.13 | 141.24 |
| Pacific Basin (713) | 161.36 | +0.1 | 157.13 | 107.21 | 136.16 | 111.78 | -0.3 | 1.06 | 161.18 | 156.59 | 107.59 | 136.00 | 112.13 | 168.80 | 105.89 | 111.91 |
| Euro-Pacific (1461) | 161.00 | -0.1 | 156.78 | 106.95 | 135.85 | 127.19 | -0.2 | 1.86 | 161.12 | 156.54 | 107.54 | 135.95 | 127.50 | 162.86 | 117.26 | 121.78 |
| North America (625) | 183.71 | -0.3 | 178.89 | 122.06 | 155.04 | 183.04 | -0.3 | 2.74 | 184.29 | 179.05 | 123.03 | 155.53 | 183.63 | 185.59 | 171.51 | 163.42 |
| Europe Ex. UK (530) | 141.18 | -0.3 | 137.48 | 93.81 | 119.15 | 128.68 | +0.0 | 2.47 | 141.53 | 137.51 | 94.49 | 119.45 | 128.74 | 141.53 | 112.51 | 116.06 |
| Pacific Ex. Japan (244) | 216.26 | +0.7 | 210.60 | 143.70 | 182.50 | 200.82 | +0.6 | 2.86 | 214.84 | 208.73 | 143.43 | 181.30 | 199.68 | 216.26 | 152.70 | 153.68 |
| World Ex. US (1647) | 161.24 | +0.0 | 157.01 | 107.13 | 136.06 | 129.10 | -0.2 | 1.89 | 161.25 | 156.67 | 107.65 | 136.07 | 129.34 | 162.69 | 118.51 | 122.63 |
| World Ex. UK (1947) | 166.86 | -0.1 | 162.49 | 110.86 | 140.81 | 143.43 | -0.2 | 2.03 | 167.02 | 162.27 | 111.50 | 140.95 | 143.78 | 168.50 | 134.22 | 133.39 |
| World Ex. So. Af. (2105) | 168.83 | -0.2 | 164.40 | 112.17 | 142.47 | 146.88 | -0.3 | 2.20 | 169.11 | 164.30 | 112.90 | 142.71 | 147.27 | 170.43 | 137.29 | 136.50 |
| World Ex. Japan (1696) | 178.04 | -0.2 | 173.37 | 118.29 | 150.25 | 172.22 | -0.2 | 2.83 | 178.41 | 173.33 | 119.10 | 150.56 | 172.50 | 178.41 | 157.47 | 153.12 |
| The World Index (2165) | 169.02 | -0.1 | 164.59 | 112.29 | 142.63 | 147.29 | -0.2 | 2.20 | 169.25 | 164.43 | 112.98 | 142.82 | 147.65 | 170.42 | 137.32 | 136.54 |

Latest prices were unavailable for this edition.

# LONDON SHARE SERVICE

## AMERICANS

| | Notes | Price £ | + or - | 1993 high | 1993 low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | 17¾xd | -¼ | 20⅞ | 15⅝ | 14,541 | 2.8 |
| Allegheny & W | ♥ | 557½p | ---- | 722p | 399p | 319.3 | 3.6 |
| Amdahl | | 393p | ---- | 591p | 294p | 441.3 | 0.8 |
| Amer Cyanamid | | 35⅛ | ---- | 36⅝ | 31¼ | 3,245 | 3.2 |
| Amer Express | | 23½xd | -⅛ | 25⅞ | 14⅞ | 11,128 | 2.9 |
| Amer T & T | | 37⅞xd | -⅛ | 43¼ | 33⅛ | 51,039 | 2.3 |
| Ameritech | | 56⅞ | ---- | 58¼ | 46 | 24,245 | 4.5 |
| Anheuser-Busch | | 30½ | +¼ | 41¼ | 29½ | 8,440 | 3.1 |
| BankAmerica | | 29⅛xd | +⅛ | 38⅛ | 27⅛ | 10,354 | 3.2 |
| Bankers NY | | 52¾xd | -⅛ | 54¼ | 42⅝ | 4,349 | 3.9 |
| Bell Atlantic | | 40 | ---- | 42⅞ | 32¼ | 17,389 | 4.5 |
| BellSouth | | 39⅞ | ---- | 41 | 32⅞ | 18,451 | 4.7 |
| Bethlehem Steel | ♥ | 9⅞xd | -⅛ | 13¾ | 8½ | 854.2 | - |
| Bowater | | 1212pxd | ---- | 1682p | 1169p | 439.2 | 3.3 |
| CPC | | 29⅞xd | +⅛ | 34⅝ | 26 | 4,621 | 2.9 |
| California Engy | | 1178p | ---- | 1479p | 1088p | 214.5 | - |
| Chase Manhattan | | 24⅞xd | -⅛ | 24⅞ | 17⅞ | 3,795 | 3.3 |
| Chrysler | | 32⅛xd | -¼ | 32⅞ | 21¼ | 9,480 | 1.2 |
| Chicorp | | 25½xd | -⅛ | 25⅞ | 13⅞ | 8,321 | - |
| Colgate-Palm | | 35⅞xd | -⅛ | 45⅝ | 32 | 5,718 | 2.7 |
| Cont'l Bank | | 1728p | ---- | 1877p | 1278p | 1,746 | 2.3 |
| Dana | | 38⅞xd | +⅛ | 38⅝ | 29½ | 1,789 | 2.8 |
| Data General | | 680p | ---- | 951p | 527p | 187.6 | - |
| Decora Inds | ♥ | 101½p | ---- | 148p | 101½p | - | - |
| Dun & Brad | | 40⅝ | ---- | 42¾ | 37⅛ | 7,243 | 4.0 |
| Eaton | | 32⅞ | ---- | 34 | 25⅞ | 2,287 | 2.4 |
| Echlin | | 19⅞xd | -⅛ | 21⅞ | 15⅞ | 1,158 | 2.4 |
| FPL | | 25⅞xd | -⅛ | 27⅞ | 23¼ | 4,668 | 6.4 |
| Ford Motor | | 36⅞xd | +⅛ | 37⅞ | 26⅞ | 16,049 | 2.9 |
| Gen Elect | | 62¼xd | +⅛ | 67⅞ | 53⅞ | 53,590 | 2.7 |
| General Host | ♥ | 481½p | ---- | 723p | 456p | - | 4.6 |
| Gillette | | 38⅛xd | -¼ | 42⅝ | 31⅞ | 8,458 | 1.5 |
| Hasbro | | 20⅞ | ---- | 20⅞ | 20⅞ | 1,819 | 0.8 |
| Honeywell | | 23⅞xd | +⅛ | 26½ | 20⅞ | 4,937 | 2.5 |
| Houston Inds | | 30⅝ | ---- | 33¼ | 28¼ | 3,934 | 6.6 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## ELECTRICALS

## ELECTRICALS - Cont.

## ELECTRICITY

## ELECTRONICS

## ENGINEERING-AEROSPACE

## ENGINEERING-GENERAL

## ENGINEERING-GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HOTELS & LEISURE

## HOTELS & LEISURE - Cont.

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## LONDON SHARE SERVICE

### INVESTMENT TRUSTS - Cont.

| | Notes | Price | + or - | 1993 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| Scot Asian Pfg | | 231 | +2½ | 231 | 136 | – | 251.3 | 9.3 |
| Warrants | | 555 | +20 | 555 | 225 | – | – | – |
| Scot East | | 79 | +½ | 81½ | 63½ | 2.4 | 91.2 | 13.3 |
| Scottish Inv | | 222 | +1½ | 222 | 183 | 2.6 | 255.4 | 13.3 |
| Warrants | | 71¾ | +½ | 72 | 38 | – | – | – |
| Scot Mortgage | | 216 | – | 225 | 178 | 2.3 | 247.1 | 12.6 |
| Scot National Inc | | 103 | +1½ | 103 | 83 | 9.1 | – | – |
| Cap | | 35 | – | 35 | 16 | – | 106.3 | 67.1 |
| Stepped Pf | | 157 | – | 158½ | 150¾ | 4.8 | – | – |
| Zero Div Pf | | 228½ | – | 231½ | 207 | – | – | – |
| Warrants | | 4 | – | 5 | 2½ | – | – | – |
| Scot Value | | 96 | – | 96½ | 71 | – | – | – |
| Sec Alliance | | 1588 | – | 1592 | 1330 | 2.3 | 94.8 | -1.1 |
| Second Consid. | | 167 | -2 | 169 | 88 | 2.1 | 1718.1 | 8.8 |
| Second HGSC | | 107 | – | 107 | 101 | – | 182.2 | 8.6 |
| Second Market | | 398 | +1 | 398 | 258 | – | – | – |
| Sec Tst Scot | | 89½ | +½ | 91 | 74½ | 0.8 | 413.8 | 3.8 |
| Select Assets | | 156 | – | 157 | 109½ | 4.5 | 90.0 | 0.6 |
| Sml Seri | | 151 | – | 151 | 128 | 1.0 | 183.3 | 15.2 |
| Sq Ind Seri | | 151 | – | 151 | 128 | 3.6 | – | – |
| SHIRESCOT | | 143 | – | 143 | 104 | 3.6 | – | – |
| Shires | | 289 | – | 291 | 231 | 4.6 | 141.0 | -1.3 |
| Slan Select | | 157 | – | 157 | 97 | 7.3 | 285.6 | -1.0 |
| Smaller Cos | | 131 | – | 135 | 78 | 0.8 | 181.5 | 13.8 |
| Warrants | | 57 | – | 57 | 14 | 2.5 | 127.3 | -2.6 |
| Sphere Inc | | 37 | – | 37½ | 14 | – | – | – |
| Zero Div Pf | | 92 | +½ | 92¼ | 80¾ | 18.7 | 44.8 | 18.5 |
| Delta | | 825 | – | 825 | 785 | – | – | – |
| Scot2 | | 104 | – | 106 | 38 | – | – | – |
| TR City of Lon | | 152½ | +½ | 154 | 128 | 1.7 | 101.5 | -2.4 |
| TR Euro Growth | | 125 | +2 | 126 | 76 | 3.9 | 145.5 | -4.8 |
| Ptg Sub | | 70 | – | 70 | 27 | 1.7 | 127.6 | 2.4 |
| TR Far East Inc | | 155 | – | 164 | 112 | 2.4 | – | – |
| Warrants | | 54½ | +1½ | 67½ | 22 | 3.6 | 154.0 | 0.6 |

[illegible]

### MERCHANT BANKS

[illegible]

### METALS & METAL FORMING

[illegible]

### MISCELLANEOUS

[illegible]

### INVESTMENT COMPANIES

[illegible]

### MEDIA

[illegible]

### MOTORS

[illegible]

### OIL & GAS

[illegible]

### OIL & GAS - Cont.

[illegible]

### OTHER FINANCIAL

[illegible]

### OTHER INDUSTRIALS

[illegible]

### PACKAGING, PAPER & PRINTING

[illegible]

### PACKAGING, PAPER & PRINTING - Cont.

[illegible]

### PROPERTY

[illegible]

### STORES

[illegible]

### STORES - Cont.

[illegible]

### TELEPHONE NETWORKS

[illegible]

### TEXTILES

[illegible]

### TRANSPORT

[illegible]

### WATER

[illegible]

### SOUTH AFRICANS

[illegible]

### PLANTATIONS

[illegible]

### MINES

[illegible]

### MINES - Cont.

[illegible]

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Ø Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- ■ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend October 9/October 10 1993

# Uprising of Russian right took Yeltsin government by surprise

THE GOVERNMENT of President Boris Yeltsin was completely unprepared for the uprising that led to the storming of the banned Russian parliament and the subsequent gun battles in which nearly 200 people died.

It has also emerged since last weekend's uprising that the Russian army spent several hours last Sunday debating whether it should "become involved in politics" as armed supporters of the Russian parliament roamed the streets of Moscow, captured the mayoral offices and attacked the television centre.

The army's long period of inaction in the crucial hours after the uprising is becoming a cause of bitter debate within the Russian government.

Radical ministers and officials, convinced that only the mobilisation of their supporters on the streets saved the day, are now calling for Mr Yeltsin to order a clean-out of the Defence, Interior and Security ministries.

A detailed account by eyewitnesses inside the Kremlin during the day when Moscow teetered on the brink of civil strife paints a picture of a government caught completely by surprise. They say that:

- The Kremlin authorities did not expect an armed uprising.
- Senior members of the Defence Ministry sat far into the night debating the issue, long after the defenders of the White House, the parliament building, had become attackers.

## John Lloyd and Leyla Boulton on the day that took Kremlin to the brink

- Groups of democrat supporters were about to be armed in order to attempt to put down the parliamentary revolt.
- The Russian central bank refused to advance credits on Sunday night to the government – which had asked for large emergency reserves of cash.

Confidential assessments of the situation by the security forces had put a very low probability of any armed attack by the parliamentary forces, in spite of the known large quantity of arms in the White House parliament building and the presence of armed detachments of extremist forces.

Russia may vote on constitution.......Page 2
Membership up at reform club.......Page 9

Summoned by a phone call, Mr Sergei Filatov, the president's chief of staff, saw the demonstrators from the window of his car as he rushed back to the Kremlin at around 3.30 pm – to be followed shortly by Mr Yeltsin, helicoptered from his dacha at Arkhangelsk, outside Moscow, shortly afterwards.

The atmosphere, according to those present, in the presidential offices was panicky.

The panic was largely because Mr Yeltsin and his staff could not get through to General Pavel Grachev, the defence minister. Much time – according to Mr Sergei Yuzhenkov, deputy head of the Federal Information Service, who was closely involved in the day's events – was spent in discussing which of the military men close to the president should go to Gen Grachev to ask him to bring in the army. "The trouble was," Mr Yuzhenkov said yesterday, "no one had good relations with him."

Within the Council of Ministers building in Old Square, next to the Kremlin, Mr Yegor Gaidar, the first deputy prime minister, grew increasingly concerned as he saw the Interior Ministry forces protecting the White House melt away. Mr Yuzhenkov phoned to ask if he could say the army was on its way to deal with the uprising. No, said Mr Gaidar, he could not.

The two men then decided they had to act: Mr Gaidar made an appeal on TV for detachments of volunteers to form outside the Moscow City Council building opposite the Kremlin. The detachments were to have been armed on the orders of Mr Yuri Luzhkov, the Moscow city mayor. Several thousand volunteers responded, although arms were not handed out.

Meanwhile, the top army generals at the Defence Ministry convened under Gen Grachev. Faced with many of his colleagues who insisted on the army's non-involvement, he went round the table, demanding that each give his own position. Mr Yuzhenkov says: "The army was a hostage to its own slogan – that it should not be involved in politics. But the decision was not to get involved in politics: it was to stop an attack on the state."

The government decided early in the evening to create a large fund of cash with which it could pay and feed troops. Mr Boris Fyodorov, the deputy premier for finance who was in the Council of Ministers' building on Sunday night, said: "There was a decision to create some cash reserves in the government if things got worse – we could at least give it to the troops to buy food from kiosks. The Bank didn't refuse – Mr [Viktor] Gerashchenko [the chairman] is too clever for that – they just delayed."

The army's appearance in Moscow and its deployment against the White House have since received official eulogies. But Mr Gaidar and Mr Yuzhenkov have criticised the security forces. "We need a real clean-out of these ministries now," said Mr Yuzhenkov.

# Lucas wants Rover chairman as its new chief executive

By Kevin Done, Bernard Gray and Andrew Bolger

LUCAS Industries, the troubled UK automotive and aerospace components company, has offered the post of chief executive to Mr George Simpson, deputy chief executive of British Aerospace and chairman of Rover Group, its vehicles subsidiary.

Lucas had hoped to be able to announce his acceptance to coincide with the presentation of its annual results on Monday, but it is understood that Mr Simpson has still not decided to accept the job.

Lucas, which reported profits down from £83m to £22.5m last year, promised in March that it would appoint a new chief executive as soon as possible and hoped a new non-executive chairman would be nominated to take over from Sir Anthony Gill, the group's chairman and chief executive, by next month's annual general meeting.

The direction of Lucas's management has been in doubt for some time. Last year Mr Tony Edwards, head of the group's aerospace division, was made chief executive designate. Mr Edwards was later told that the board did not consider him suitable for the job however, and he moved to rival TI Group.

Lucas finance director, Mr David Hankinson, left earlier last year, when he lost out to Mr Edwards in the race to become chief executive.

Sir Anthony had been due to retire last year, but agreed to remain until the succession was sorted out.

Mr Simpson, who has spent most of the past 24 years with Rover (previously British Leyland and BLMC), has been instrumental in transforming the fortunes of the previously loss-making UK carmaker.

The dilemma he faces is whether to leave Rover at the point where the hard work of previous years appears set to yield significant profits, and the possibility has been created that it could again become an independent company, floated off by BAe. Mr Simpson would be the obvious candidate to lead the company.

At Lucas he would again face an uphill struggle to turn around a group fighting for a place in the increasingly competitive automotive and aerospace components market.

# Rescue bid for Greycoat is rejected

Continued from Page 1

some of its bonds. But as the board retreated to lick its wounds, property market analysts said other bidders could come forward. The attraction for a bidder is a portfolio of properties considered among London's most attractive.

But like Rosehaugh and Stanhope, two other property companies that have recently failed, Greycoat fell foul of the longest recession in the property market for decades.

Greycoat had also arranged financing of exceptional complexity involving four classes of share and bondholders. As yesterday's votes showed, these holders often had competing interests.

Preference shareholders argued that Postel's complex four-part offer was placing them at a disadvantage to ordinary shareholders – who accepted the deal and would normally expect to rank behind them in a restructuring.

Mr Geoffrey Wilson, Greycoat's chairman, had repeatedly warned the meetings that Postel's deal was "all-or-nothing" and that shareholders could not modify individual portions. "It is a rescue package to prevent the company from having to cease trading and all that entails," he said.

# Palestine scores a winning state debut

Continued from Page 1

drum and bagpipe bands marched on and small posses of Palestinian youths circled the ground under huge PLO flags.

Finally, to tumultuous applause, the French team appeared, their blue shirts printed with a special "Jericho 93" insignia.

Mr Erakat laughed off the chaos, insisting that it did not augur badly for the organisational challenges Palestine will soon face.

The final score, despite Mr Platini's artistry, was a one-nil win for the Palestinians – the French probably the victims of their good manners and the heat. Asked before the game whether he thought his team would emerge victorious, Mr Erakat had replied, with a sweeping gesture over the milling crowds: "We have already won."

## THE LEX COLUMN

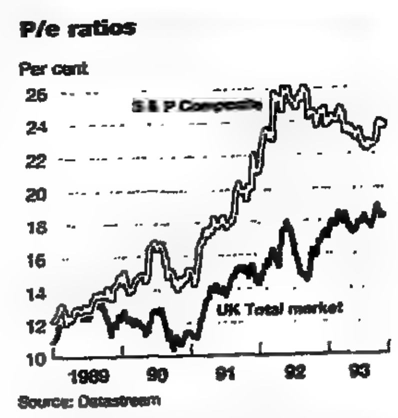
# On top of the world

US investors certainly seem to have started the quarter in some style. It appears thanks largely to them that the London market managed to shrug off disappointment at the lack of an interest rate cut at the Tory party conference and close the week at a new high. Of course, the possibility remains that base rates may be cut at the time of the budget. UK investors may also not have fully grasped the possibility that, once down, rates could stay low for some time. Yet the market could be on dangerous ground if it is relying on foreign money to drive share prices higher meanwhile.

In price/earnings terms London still looks cheap against Wall Street. Strip out the exceptional charges which have reduced US earnings in recent years, though, and the difference becomes much smaller. There is thus less logic than immediately appears in US investors diversifying into the UK because valuations in their own market are stretched. It is hard to imagine a correction on Wall Street which did not affect London and other international markets as well.

Similarly, at some point one must question the link between bond yields and share prices. It is all well and good to claim that lower long term interest rates allow shares to trade on a higher multiple. But companies must also deliver the earnings growth implicit in their rating. That will not be easy if bond yields are low because poor world growth prospects will keep inflation at bay. The actual results reported by UK companies during the interim season may validate the market's recent rise: the generally cautious tone of accompanying trading statements does not suggest much room for more.

FT-SE Index: 3108.6 (+16.2)



Source: Datastream

## British Aerospace

As Mr George Simpson, British Aerospace's deputy chief executive, ponders whether to stay with the company this weekend. BAe's turbulent last two years will give him plenty of food for thought. Since the ill-fated rights issue, departure of Professor Sir Roland Smith, and £1bn write-off against the regional jet business, BAe has made solid progress. A further large Tornado contract with Saudi Arabia has been secured, the Eurofighter reprieved, Ballast Nedam and the corporate jet business sold. Perhaps most importantly to Mr Simpson, Rover has done well in an appalling European car market.

Recently, however, the news for the company has been less good. Eurofighter has encountered technical problems and the negotiations over forming a joint venture for the regional jet business with Taiwan Aerospace have been bogged down in detailed disputes. The time must be fast approaching when BAe should withdraw from discussions rather than endure further uncertainty.

Yet the collapse of talks with Taiwan would not now be the disaster they would have been 18 months ago. BAe has released cash through its asset sales. More importantly, the company has renegotiated its banking arrangements to remove the minimum net worth constraint which had effectively prevented it from writing off other businesses. It can now rationalise its turbo-prop aircraft or missiles operations without undue worry. The balance sheet would be left a little weaker, but well within interest cover banking limits. The main risk to BAe from Taiwan is not financial, but that further procrastination will look like management dither.

## US economy

Another disappointing set of US jobs figures did nothing for confidence on Wall Street or the dollar. While the headline growth in employment during September looks healthy enough, the unwillingness of manufacturing companies to hire permanent staff looks like the Achilles heel of the US economy. President Clinton's proposed reform of the healthcare system could make matters worse by increasing employment costs. The healthcare industry – itself an engine of private sector job creation – faces a period of great uncertainty.

While consumer spending is growing, the Federal Reserve is unlikely to be diverted from its cautious attitude towards interest rates. The worry must be that a weak jobs market will eventually catch up with consumers. There is no sign of that yet, but the savings ratio remains low by historic standards and federal tax increases will start to bite early next year.

The fourth quarter may hold out more promise if companies start to rebuild stocks which have been run down over the summer. There is also the promise of increased construction activity as mid-western states clear up after the floods. But unless that burst of activity provides the spark of confidence which is currently lacking, it is hard to see the improvement being sustained.

## Greycoat

Greycoat's management, which ran the property company into the ground, now faces another big embarrassment. Having forcefully argued that their company had no future if the Postel rescue package was voted down, they are now obliged to try to prove the opposite to disbelieving shareholders. The arbitrageurs who have piled into Greycoat's preference shares and blocked the deal clearly believe there is a better alternative for themselves, at least. Perhaps they draw inspiration from Amstrad where the obdurate shareholders who voted down Mr Alan Sugar's plans to take the company private must feel vindicated by the subsequent recovery in its share price.

But the parallels are inexact. Greycoat is surely right thatit can no longer continue to exist in its current form. But that is not quite the same as saying it cannot exist at all. If Greycoat were put into receivership, there would certainly be little prospect of any relief for preference shareholders. The banks' loans are well secured on the properties and the receivers would have no obligation to hang on for a recovery in values.

Administration may offer more promising chances of some salvation. But the real hope is that there is a better alternative offer for refinancing Greycoat's assets lurking in the wings. It could conceivably be that the intimidating presence of Postel may have deterred bidders from making themselves known before. That slim hope will now be put to the test.

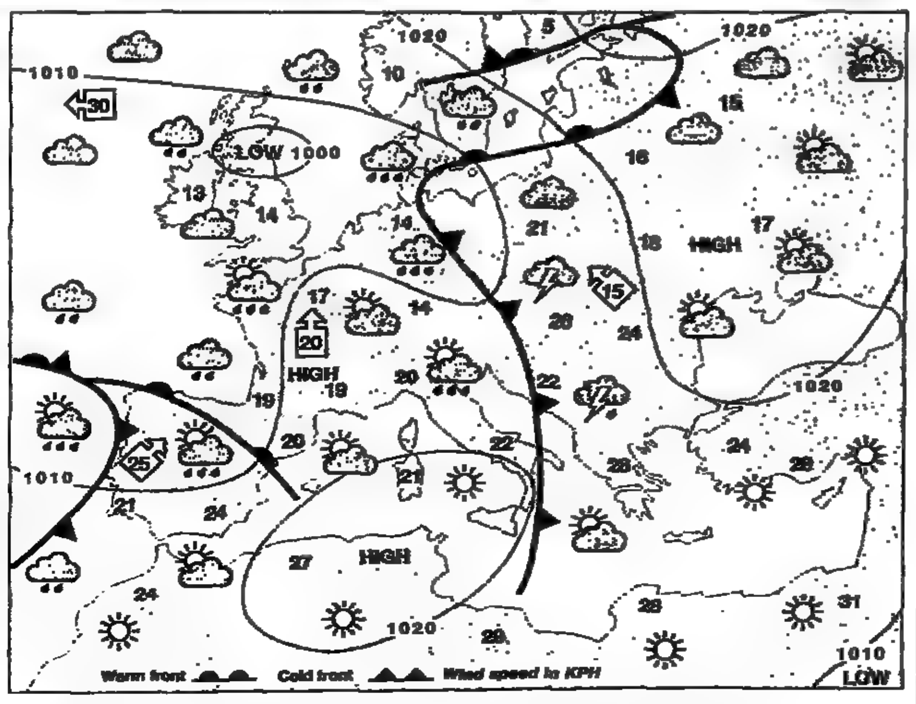
## FT WORLD WEATHER

### Europe today

High pressure building over the Alps and western Germany will result in some sunny spells across these regions. A frontal system will trigger some showers over the Czech republic, eastern Germany, and western parts of the Balkans. However, the greatest amounts of rain are expected in Denmark and extreme southern Sweden where a few thundery outbreaks are likely. A depression over south-western Europe will bring substantial rain into Portugal while scattered showers will affect most of Spain. Afew showers will spread as far as southern France. It will be very sunny in Italy, south-eastern Europe and the Middle East. But the British Isles will see changeable conditions with rain over Scotland.

### Five-day forecast

Low pressure will maintain its grip on south-western Europe. By early next week the low will spread northward bringing another rainy spell to the British Isles. High pressure will persist in the south and south-east, resulting in warm and dry conditions over the Mediterranean. Most of the Balkan countries will also enjoy unseasonable warmth and susnhine. In the north, bands of rain will keep moving over southern Scandinavia from time to time.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

| | | Maximum Celsius |
|---|---|---|
| Abu Dhabi | sun | 33 |
| Accra | thund | 30 |
| Algiers | fair | 27 |
| Amsterdam | fair | 18 |
| Athens | sun | 26 |
| B. Aires | fair | 25 |
| B.ham | cloudy | 14 |
| Bangkok | cloudy | 33 |
| Barcelona | cloudy | 20 |
| Beijing | shower | 19 |
| Belfast | shower | 13 |
| Belgrade | shower | 25 |
| Berlin | shower | 18 |
| Bermuda | fair | 29 |
| Bogota | fair | 20 |
| Bombay | cloudy | 33 |
| Brussels | fair | 15 |
| Budapest | shower | 20 |
| C.hagen | thund | 15 |
| Cairo | sun | 31 |
| Cape Town | fair | 19 |
| Caracas | fair | 30 |
| Cardiff | fair | 14 |
| Chicago | shower | 10 |
| Cologne | fair | 15 |
| Dr Salaam | fair | 29 |
| Dakar | cloudy | 32 |
| Dallas | fair | 27 |
| Delhi | fair | 34 |
| Dubai | sun | 32 |
| Dublin | fair | 12 |
| Dubrovnik | shower | 21 |
| Edinburgh | rain | 13 |
| Faro | rain | 22 |
| Frankfurt | fair | 15 |
| Geneva | fair | 13 |
| Gibraltar | shower | 22 |
| Glasgow | rain | 14 |
| Hamburg | cloudy | 13 |
| Helsinki | fair | 10 |
| Hong Kong | fair | 29 |
| Honolulu | sun | 31 |
| Istanbul | sun | 24 |
| Jersey | shower | 15 |
| Karachi | fair | 32 |
| Kuwait | sun | 35 |
| L. Angeles | fair | 33 |
| Las Palmas | fair | 27 |
| Lima | fair | 20 |
| Lisbon | rain | 21 |
| London | shower | 15 |
| Lux.bourg | fair | 13 |
| Lyon | shower | 16 |
| Madeira | fair | 25 |
| Madrid | shower | 17 |
| Majorca | cloudy | 22 |
| Malta | fair | 26 |
| Manchester | cloudy | 14 |
| Manila | shower | 29 |
| Melbourne | shower | 12 |
| Mexico City | sun | 22 |
| Miami | thund | 31 |
| Milan | sun | 20 |
| Montreal | rain | 12 |
| Moscow | drzzl | 11 |
| Munich | shower | 11 |
| Nairobi | shower | 26 |
| Naples | sun | 21 |
| Nassau | thund | 31 |
| New York | shower | 23 |
| Nice | fair | 19 |
| Nicosia | sun | 29 |
| Oslo | rain | 10 |
| Paris | fair | 17 |
| Perth | fair | 17 |
| Prague | shower | 14 |
| Rangoon | fair | 33 |
| Reykjavik | cloudy | 7 |
| Rio | sun | 27 |
| Riyadh | sun | 34 |
| Rome | sun | 22 |
| S. Frsco | fair | 20 |
| Seoul | fair | 21 |
| Singapore | fair | 30 |
| Stockholm | fair | 9 |
| Strasbourg | fair | 16 |
| Sydney | shower | 25 |
| Tangier | cloudy | 23 |
| Tel Aviv | sun | 30 |
| Tokyo | fair | 22 |
| Toronto | shower | 11 |
| Tunis | fair | 25 |
| Vancouver | sun | 21 |
| Venice | shower | 20 |
| Vienna | thund | 15 |
| Warsaw | cloudy | 21 |
| Washington | fair | 24 |
| Wellington | cloudy | 17 |
| Winnipeg | fair | 8 |
| Zurich | fair | 14 |

# Weekend FT

# Japan adapts its winning strategy to soccer

*Companies such as Nissan, Mitsubishi and Sony have turned their attention to packaging the world's favourite sport.* ***Charles Leadbeater****, accustomed to the terraces of English grounds, goes to a J-League match and gets a surprise*

THE MASSED bank of Yomiuri Verdy fans were in full voice, waving a host of green flags, urging on their team against their bitter rivals, the Nissan Marinos. But as they chanted – "Verdy, Verdy" – one of the oddities of Japanese soccer became fully apparent. It was not simply that their chant had a pleading, rather than a threatening, tone – it was also a question of pitch. They sounded like rejects for the Vienna boys choir. Most of the Yomiuri Verdy fans were teenage girls.

In only six months, a craze for soccer has reached epidemic proportions in Japan. A year ago, hardly anyone watched the game. Now, it is threatening to dislodge Japan's stodgy baseball as the nation's most popular sport.

Most matches are sold out. People have moved house to be within the catchment area for season tickets and – most alarming for Japanese men – young housewives are reported to have become so fascinated with its fast-moving skills that they have stopped clearing up after evening meals until half-time.

Amid the worst Japanese recession for 20 years, the launch of the J-League this year has created from scratch a consumer market worth perhaps Y140bn. (£87m) Soccer players have become part of the regular diet of Japan's popular weekly magazines.

The rise of the 10-team J-League has been a telling demonstration of how the Japanese industrial strategies which took it to world leadership in cars and electronics can be applied to sports.

The J-League is a case study in how a sport can be turned into a big business through a partnership between the public and private sectors which combines entrepreneurialism and central planning.

Even if Japan falls short of its ultimate goal – to become a force in the world's most popular sport – the success of soccer has turned on their head long held European assumptions about the game – as well as confirming one central truth.

The truth is that the most important ingredient in professional soccer is not the players, not what happens on the pitch, but the crowd. Japan has cheerfully overturned the British assumption that soccer is an outlet for men to indulge anything from harmless obsessions and boyish fantasies to violent rages and racial prejudices.

In Japan soccer matches are not tribal contests but entertainment. And most of the excitement does not come from events on the pitch – the quality of the soccer is often mediocre – but the atmosphere generated by the dancing, screaming, flag waving, horn hooting crowd.

The carnival atmosphere is no accident as Hisao Kinoshita, the executive at advertising agency Hakuhodo responsible for soccer, explained: "We set out to make a soccer game like a disco, lots of vivid colour, lights, fashion, music."

The disco atmosphere has not detracted from the game. On the contrary it has been a huge motivation according to Gary Lineker, the former England star playing for Nagoya Grampus 8: "The crowd is the best thing about the game. Wherever we play the games are sold out and the crowd is not at all cynical. They view the whole thing as positive, even if you are three nil down they still get behind you and to be honest I have found that really refreshing." Lineker admits that at the end of his career with London's Tottenham Hotspur, a top English team, his motivation for league games was flagging. A few months playing in Japan has revived his spirits.

For anyone who has trodden fearfully through the turnstiles at a British ground, endured 90 minutes of boredom and escaped relieved to be in one piece, a trip to a Japanese soccer game would be a revelation.

At the Verdy-Marinos game, the 60,000 crowd was mainly young and mixed: about 40 per cent of J-League spectators are women. They create a wall of noise and colour even when the only entertainment is the Marino's dancing mascot, an escapee from Disneyland – a giant chicken dressed as a sailor captain.

The game's start is announced by a booming American presenter and a giant video screen, which replays the most exciting moments. At half time people queue politely for the toilets and refreshments. At the end the crowd files out in good humour, without dropping much rubbish, let alone hinting at violence. In England many clubs have proudly launched "family enclosures" to attract parents and their young children. In Japan the entire stadium is a family enclosure.

The game's popularity, especially among young people, is in large part a reflection of the paucity of choices available to them. Baseball is a sport mainly for men over the age of 30. Sumo is popular but tournaments are months apart and tickets are expensive.

Soccer on the other hand allows young people to get out of their cramped family homes and do things that are difficult in Japan: shout at the top of your voice and display emotion in public.

The players provide unfamiliar and attractive role models. In Japanese companies people are promoted according to their seniority; in soccer it is performance which counts. The Japanese respect authority, especially when it comes in uniforms; soccer players publicly dissent from it by shouting at the referee. Sumo and baseball both promote a monosyllabic stoicism among their stars, success is underplayed and defeat suffered as humiliation. Soccer players are outspoken and revel in the publicity their love affairs and garish clothes attract.

So the popularity of soccer is one more bit of evidence of the change of social values underway in Japan. Baseball symbolises the values of collective discipline which helped Japan to succeed after the second world war. Soccer represents new values, as Kinoshita explained: "We asked young girls what soccer meant to them: they said it meant freedom. Baseball players can only play baseball and within the game they have specific tasks – pitching, first base – which they have to stick to. Soccer players can rum all over the field and off the field they are treated like film stars."

However the J-League's success is also due to a well planned strategy, which combines several elements familiar in Japan's rise in other business fields.

At the outset there was an entrepreneur with a vision: Saburo Kawabuchi, a former player in the Japanese national team who persevered with his idea for the league when many, including Dentsu, the country's largest advertising agency, told him it would fail.

Kawabuchi has done for soccer what the likes of Akio Morita of Sony did for electronics. He provided it with high ambition. He says: "We thought that unless we aimed for a high ideal it would not be worth it. If we had attempted to achieve our goals in a gradual way it would have been natural but I do not think it would have worked."

The next step was to promote carefully planned co-operation in the name of competition. The companies which owned the 10 amateur teams increased their commitment. Toyota backs Nagoya Grampus Eight; Mitsubishi the Red Diamonds, while Verdy is backed by Yomiuri, the publishing group.

Most teams needed a cash injection of about $20m to improve their stadiums and to set up reserve and youth teams.

But the league also insisted upon local involvement, to create a public private partnership. Kinoshita explained: "We wanted it to be a citizens' game. Not focused on Tokyo but based in the regions." So at Kashima, 45 miles north of Tokyo, home of the Antlers, winners of the league's first stage, the local council brought together about 20 companies, led by Sumitomo Metals, to back the team. Private money is being used to upgrade public facilities.

Another vital ingredient, which played a central role in earlier Japanese successes, is an unashamed borrowing of foreign technology.

The on field technology has come in the form of balding, greying, injury prone and aging stars such as Lineker, Pierre Littbarksi from Germany and a clutch of Brazilians led by the legendary Zico. Alcindo, the Brazilian who is the league's main goalscorer, has become a national hero.

But most important, the Japanese went to the US for the commercial technology off the field. The J-League is following the American National Football League which controls the design, marketing and sales of items related to its member teams. All J-League teams have songs and mascots, emblems and a package of goods – caps, bags, waterproofs – in a homogenous style designed by Sony Creative Products and pitched at 15-25 year olds.

Sony has opened 105 shops to sell the merchandise and Mizuno, the sportswear maker, has opened a further 627 mini-boutiques to sell outfits.

Soccer has provided companies with a new route into the youth consumer market, while the companies have provided soccer with the chance of long term success.

The J-League's corporate backing means it will probably avoid the fate of the North American Soccer League which signed stars like Pele and Franz Beckenbauer but eventually collapsed.

For the J-League to endure the standards of play will need to improve, to match world standards. That will require further investment in foreign expertise while Japanese production gets up to international standards. Yet even so the Japanese national team is still in with a good chance of qualifying for the 1994 World Cup.

Japan also needs investment in better grounds. Some, such as the national stadium in Tokyo, are larger than anything in the UK premier league. Most are small, former athletic tracks, where most of the crowd stand. By 1996 work must start on 12 stadiums with a

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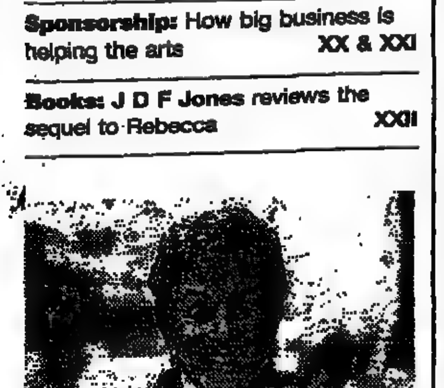


The Long View/**Barry Riley**

# Negative equity trap

THOSE waggish building society statisticians are teasing us once again: Halifax told us this week that house prices rose in September and are up 1 per cent year-on-year, while Nationwide claimed they fell and are still running 2.5 per cent lower than in September last year.

The difference of view might reflect the fragmentation of the housing market as well as the low volume of transactions and the building societies' loss of mortgage market share, which make the figures more erratic. Nationwide claims that the average house price is £53,000, while the Halifax says £63,000. You could read into that obvious difference in sample structure that the more expensive end of the market is now doing rather better, which fits in with local gossip down my own street.

This year's lower interest rates, and the prospect of a further fall to come, have improved the tone of the market, and the stablilsation of the unemployment numbers has helped as well. On the other hand, it is possible that the revenue-starved Kenneth Clarke will further nibble away at tax relief on mortgage interest in his first Budget next month. The long view of the British housing market, moreover, is that time may be running out for the generation that regarded a home as a prime money-making asset: the demographic crisis of the late 1990s and early 2000s, in the shape of a shortage of first-time buyers, looms ever closer.

Whatever the minor quirks of the indices, the general picture is that house prices have stabilised and are now – nationally speaking – at reasonable levels. The ratio of the average house price to average earnings is squarely within the range of 3 to 3.5 which can be regarded as normal (compared with almost 5 at the national price peak in 1989).

In terms of structure, however, the market cannot be said to have yet been normalised, at any rate in the south. There, the negative equity problem persists almost untouched. Perhaps 1.5m home owners – estimates range up to nearly 2m – owe more to banks and building societies than their home is worth. Such people, most of whom are first- or second-time buyers dating from 1987 to 1990, are stuck in the same probably inadequate accommodation after five or six years, and they could continue to be trapped for at least as long into the future. They are certainly not going to be bailed out by earnings inflation, which has been the key long-term energiser of house prices in the past: it is running at only 3.5 per cent, and is unlikely to accelerate in the near future.

True, it is possible to argue – as does John Wriglesworth, housing analyst at UBS – that the problem will generate its own solution: because of the shortage of available property in the affected regions prices there will be forced up, perhaps by 20 per cent before a demand-supply balance will be restored. I find it hard to believe this, however, because these are now some of the British economy's most sluggish regions, precisely because of the loss of the injection of demand previously provided in the 1980s by a buoyant housing market, with all the attendant release of equity and confidence-boosting wealth effect. Instead of an excess share of movers and shakers Greater London now has a higher unemployment rate than Scotland or Wales. Why would anybody pay a premium price to live in a depressed region?

It was because of my fears about a continuing freeze-up in the housing market that a year ago I suggested the launching of a lifeboat, a national household mortgage workout scheme to take over the troubled debt. This could at least have lubricated the market (recently transactions have only been running at half the rate of 2.15m recorded in 1988) and released young people from imprisonment in starter homes, although they would still have £10bn or more of residual debt hanging over them indefinitely.

In the circumstances any recovery in the housing market could now prove patchy and distorted. Yet the upper end of the market, where the mortgage problem scarcely applies, could respond to economic growth and the ready availability of reasonably cheap loans. In the north and Scotland, too, there is scope for business as usual: prices in Scotland are now a fifth higher than in 1989.

The trouble is, people are less willing than they were to take on huge debts. On average, a house purchase requires a 75 per cent advance, worth approaching £50,000. Since 1989 the total of mortgage debt has gone up from £250bn to £350bn, and it surely cannot rise very far in the future. We may have entered a period of low interest rates but the personal sector is much more indebted than it was before the previous house price booms in the early 1970s and the late 1980s. And it may well be that 250,000 repossessions in the past five years have left their mark on attitudes in Acacia Avenue.

So although I would expect house prices to rise over the next year, I would be surprised if the average increase were more than 5 per cent. Looking further ahead, moreover, there is the problem of the baby slumpers. The number of 17-year-olds is about 30 per cent less than the population of 25-year-olds who are now entering their prime first home buying years. In the immediate future first time demand should remain fairly healthy because it is likely to be supplemented by buyers who have been waiting for the market to stabilise. Last year's 400,000 first-time purchases compared with the potential "normal" figure of perhaps 550,000, so there is pent-up demand out there. Between 1995 and 2000, however, the adverse demographic trend will become noticeable.

Come the new millennium, I suspect, the rival building society house price indices will no longer be divergent but will be telling much the same dreary story.

London

# A standing ovation for the equity market

***By Peter Martin, financial editor***

*The Conservative Party is the party of sound money or it is nothing.*

Kenneth Clarke
October 7 1993

IF YOU take those words at face value, there was an important message for the markets in Kenneth Clarke's big set-piece speech to the Conservative conference.

Yet both the equity and gilts markets were unmoved. Shares closed on Thursday a little below their levels of the day before. And the yield on 20-year gilts, the best indicator of the anticipated soundness of money, edged up a fraction.

Does this lacklustre reaction mean that the markets had already fully discounted what Clarke had to say? Or simply that they do not take politicians' words at face value?

A bit of both, perhaps. Still, the speech is worth examining, because it captures neatly the the policy uncertainties the market must deal with.

First, the quotation reprinted at the head of this article. Let us take it as an earnest of good intentions rather than as a strictly accurate portrayal of the historical record – Conservative chancellors have, after all, been responsible for two of the three big bursts of inflation of the past two decades. Suppose that it means Clarke is fully committed to a low-inflation policy, perhaps influenced by the 1½-2 per cent target proposed by Rupert Pennant-Rea, the new deputy governor of the Bank of England.

If that is what the government intends, as the basis for its November budget and its monetary policy decisions, then some, at least, of the stock market commentators will be wrong-footed. Take the latest thoughts from Robert Buckland and Bob Semple of NatWest Securities. "Absolutely key to our whole equity market valuation," they say, "is our expectation that inflation has now bottomed out." Gilts will do poorly as a result, they argue, and equities look more attractive, as the underlying rate of inflation edges up towards 4 per cent.

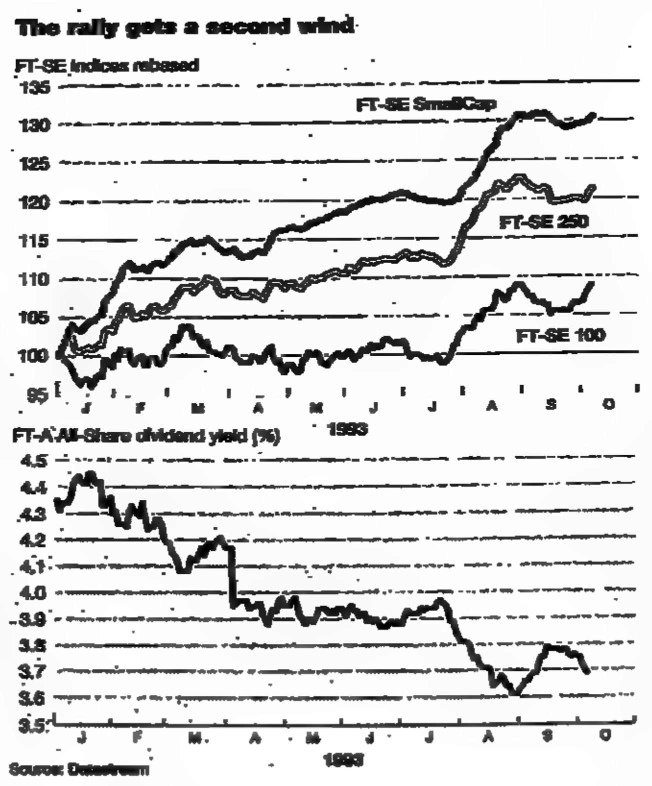
True, they do not expect it to break this ceiling, the upper limit of the government's current official target range. But steady 4 per cent inflation would halve the value of your money in 18¼ years, less than the average life of a mortgage or the time the typical woman spends on a pension. That is not what most people understand by "sound money".

So, if the chancellor's commitment to sound money is more than rhetoric, it implies greater stringency than the current outlook for inflation would suggest. A monetary policy based on truly low inflation would give some investors, at least, a bit of a surprise. It would make gilts relatively more attractive than equities; it would dash hopes of a further cut in interest rates; and it would imply an economic policy tight enough to undermine the expectations of an earnings recovery on which current share values are based.

The market clearly read none of this into the speech. As the week ended, the FT-SE 100 index, having edged past its all-time closing high on Wednesday, had lost none of its sparkle. It finished the week at 3108.6, a new record.

In one sense, the FT-SE 100 was not alone: other bourses round the world, from Australia to Switzerland, were setting new highs this week also. In another sense, however, the UK's blue-chip index was moving upwards unaccompanied:

**The rally gets a second wind**



Source: Datastream

the two indices which reflect the performance of mid-sized and smaller UK stocks were noticeably hanging back. The FT-SE Mid 250 index, which closed the week at 3477.3, is still below its August high of 3513.3; the FT-SE SmallCap is also below its peak.

The two factors were perhaps connected. A wave of worldwide equity buying, by big continental and US institutions, has been pushing up share indices around the world. These investors tend to be interested in the top stocks, not the smaller fry. In many cases, they buy into the index future, leaving market arbitrage to drag up the individual constituents. This week, for example, the FT-SE 100 future has been consistently leading the cash market higher, trading about 10 points above the "fair value" calculation that reflects the interest implications of a forward contract.

Still, volumes in both futures and cash market have been unremarkable: the week has lacked the true buying frenzy which takes the market well into fresh territory.

There were few noteworthy developments in individual stocks. One that stood out was the announcement that Whitbread was giving equal voting rights to its two classes of shareholders; and also buying out the 50.1 per cent of publicly owned shares in its sibling, the Whitbread Investment Company, which has long extended an umbrella over small independent brewers. The market had obviously expected at least one of these developments: Whitbread's B shares, which have 20 times the voting power of the A shares, were among the best performing shares in the world last month, according to the FT-Actuaries World Indices. As compensation for losing their superior voting rights, B shareholders will get 1.27 new A shares for every B share they own.

There was less happy news for shareholders in Tiphook, the heavily indebted container leasing and transport rental group. On Thursday, its shares fell nearly 30 per cent after the company warned it would breach its banking covenants. They closed the week at 123p, half the 253p they fetched a week ago and a quarter of their May 1992 level. Yesterday, it looked as if Robert Montague, Tiphook's founder and executive chairman, might pay the price of dashing shareholders' and bankers' expectations.

The key to survival, perhaps, is to set the financial markets' expectations so low that there is no danger of missing them. Kenneth Clarke is clearly set for a long and happy career.

**HIGHLIGHTS OF THE WEEK**

| | Price y'day | Change on week | 1993 High | 1993 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 3108.6 | +69.3 | 3108.6 | 2737.6 | Base rate optimism |
| FT-SE Mid 250 Index | 3477.3 | +50.6 | 3513.3 | 2876.3 | Focus on domestic stocks |
| Bank of Scotland | 190 | +13 | 190½ | 116½ | Good figures |
| British Aerospace | 404 | -13 | 468 | 165 | Taiwan worries |
| British Airways | 375½ | +14 | 376½ | 249 | Improved traffic figs |
| Campari Intl | 103 | -39 | 282 | 85 | Worse-than-feared results |
| Glaxo | 666 | +31 | 801 | 509 | Positive sentiment |
| Hewden-Stuart | 160 | +23 | 160 | 90 | Good results |
| Manchester United | 591 | +78 | 600 | 327 | Good results |
| Martin Intl | 49 | -38 | 97 | 47 | Poor results |
| Northern Foods | 267 | +22 | 291 | 242 | BZW/Strauss positive |
| Sainsbury (J) | 435½ | +20½ | 584 | 413 | BZW launches warrant |
| Smith (WH) A | 459 | +21 | 498 | 400 | Do It All cuts imminent |
| Tiphook | 123 | -130 | 382 | 116 | Profits warning |
| United Biscuits | 368 | +23 | 437 | 340½ | Bid rumours |

Serious Money

# Life after Taurus for shareholders

***By Scheherazade Daneshkhu***

AFTER the Taurus fiasco in March, when the stock exchange abandoned its plans for a computerised trading system, the Bank of England set up a task force to produce new proposals.

It suggested a 10-day rolling system to replace the present two-week account, with the aim of reducing the settlement period further to five days. A new electronic system, known as Crest, would be set up eventually to allow "paperless" trading so that share certificates and stock transfer forms would not need to be passed between broker and client.

The exchange, which has kept a low profile after the Taurus embarrassment, announced this week that it would adapt its existing Talisman settlements system to the 10-day rolling period from July 18 next year.

What will the change mean for private shareholders? At the moment, they have two weeks – sometimes longer – to settle accounts. They are also able to pay only the net amount at the end of the account. If, for example, you were to buy shares today for £500 and sell others in a few days for £400, you would only have to pay out £100 (excluding costs) at the end of the account period. Under the rolling system, if you were to buy the shares today you would have to pay out £500 10 days after the day you bought them.

There is also an effect on the delivery of shares. If you sell shares and buy them back during an account period, you do not have to deliver them. But with a rolling settlement system, you would have to deliver the shares.

The effect of this on "bed-and-breakfasting" shares for capital gains tax purposes, is not yet clear. John Cobb, a member of the Bank of England task force and chairman of the Association of Private Client Investment Managers and Stockbrokers, says that since the system has the flexibility of allowing for different settlement dates, it should be possible to co-ordinate sale and repurchase of shares for settlement on one day. Whether the Inland Revenue will view this with favour is another matter.

Many argue that rolling settlement will be more efficient and less risky than the present system. London's two-week settlement period is far longer than that of other main markets and regulators have been concerned that if either buyer or seller fails to deliver, other market participants with unsettled trades could face large losses.

Those who are selling will benefit from rolling settlement most since they will receive their money more quickly than at present.

What is more problematic is the envisaged move towards five-day rolling settlement. This will not give enough time for a shareholder to get his contract note from the broker, send him a cheque and have the cheque cleared.

This system only becomes workable if private investors place their stock in the nominee name of their broker or have a deposit account with him. At the moment it appears that brokers will need to use a pooled nominee.

However, many shareholders dislike the pooled nominee system because they are deprived of many of their rights.

Unlike a designated nominee account, where the shares are registered jointly in the name of the nominee company and the shareholder, in a pooled nominee, the stock is not registered in the shareholder's name. He does not receive direct communication from the company and so forgoes the company's annual report and meeting and direct information on rights issues.

Most brokers charge the shareholder a fee for being in a nominee and they will also charge for handling a cash account.

Fortunately, investors will not be obliged to go down this route (unlike Taurus, where they were not given the choice) but they will end up paying more for the privilege of eschewing paperless transactions.

It would be welcome if the Bank of England could implement measures by which private shareholders would be able to retain their shareholder rights while benefitting from the lower costs and greater efficiency which the new system is said to introduce. Preserving and refining the designated nominee system is one suggestion.

Otherwise there will be considerable, and understandable, private shareholder resistence to the new system.

□ □ □

The rebuke to North of England building society this week by the Securities and Investments Board, the chief regulator for the financial services industry, is yet another reminder of how poorly regulated the industry is.

The building society's independent financial advisers encouraged employees to leave company pension schemes and buy personal pensions. They sold with-profits bonds to people who did not understand the surrender penalties.

Although most banks and building societies are regulated by the SIB, this is only the first time that it has publicly criticised a company which it regulates. Unlike the self-regulating organisations, it does not have the power to impose a fine although North of England says it will pay compensation to those involved.

If the proposed self-regulating body, the Personal Investment Authority, is to be credible, it should at least ensure that all those in financial services operate under the same regime.

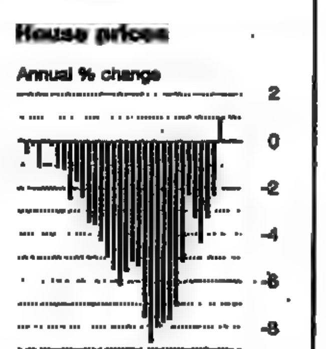
Norma Cohen, Page IV

**AT A GLANCE**

**Germany**

Source: FT Graphite

**House prices**



Source: Halifax Building Society

## Frankfurt reaches a high

FRANKFURT'S DAX Index hit an all-time high this week, gaining 4.9 per cent on the week and closing on Friday at 2,005.1. The main impetus behind the surge was thought to be German investment funds moving out of bonds and money market funds and into equities, as capital market rates fall.

Equities currently form a historically low proportion of privately-held German funds' portfolios, so there is scope for a continued boost to the market. Foreign investors, particularly from the US, have also been showing interest in German shares due to hopes of growth in corporate earnings after restructuring.

## Halifax house index climbs

HOUSE prices in September were 1 per cent higher than in September 1992, according to the Halifax building society. This is the first annual rise in the seasonally adjusted Halifax house price index since January 1991. The annual rise could reach 2 or 3 per cent by the end of this year, the society said, but warned that the housing market recovery was still fragile.

In contrast, the Nationwide building society's index showed a year-on-year fall of 2.5 per cent in September. This was largely due to a drop of 1.8 per cent since August, the first fall in the Nationwide index for five months. However, the Nationwide also predicts a modest year-on-year gain by the end of 1993.

## Discount on Asean fund

GUINNESS Flight is offering investors a 1 per cent discount on its Asean fund until 29 October. The fund is a SIB recognised offshore unit trust, based in Guernsey. It invests in the six members of the Association of South East Asian Nations: Singapore, Malaysia, Thailand, Philippines, Indonesia and Brunei. The minimum investment is £5,000 or $10,000. New investments before the closing date will attract an initial charge of 4 per cent, rather than the usual 5 per cent. The annual charge is 1 per cent.

## Range of fixed mortgages launched

SEVERAL lenders have launched fixed rate mortgage offers this week. The TSB has a rate of 7.55 per cent (APR 8.0) fixed for four and a half years, 7.25 per cent (APR 7.6) fixed for three years, and 5.95 per cent (APR 6.2) fixed for one and a half years. The maximum loan is 95 per cent, buildings and contents insurance is compulsory and arrangement fees are £50-£250. The Bristol & West has four, three and two year fixed offers, at 7.35 per cent (APR 7.7), 6.95 per cent (APR 7.3), and 6.5 per cent (APR 6.8). Again the maximum loan is 95 per cent (90 per cent for remortgages), buildings and contents insurance is compulsory and there is a £300 arrangement fee. BNP Mortgages is offering a rate of 6.9 per cent (APR 7.8) fixed for three years, or 7.5 per cent (APR 8.1) over four years. The maximum loan is 95 per cent, insurance does not have to be bought from BNP, and the arrangement fee is £295.

The mortgages are all offered on repayment as well as endowment mortgages. All carry early redemption penalties.

## Smaller companies creep up

SHARES in smaller companies climbed a little this week. The Hoare Govett Smaller Companies Index (capital gains version) rose almost 1 per cent from 1580.17 to 1595.69.

Wall Street

# Investors eye Somalia and think of Vietnam

TRADITIONALLY parochial in their outlook, US investors are learning to pay more attention to what happens outside their borders. This week, for example, the political crisis in Russia grabbed the attention of New York's financial markets. On Tuesday morning, President Yeltsin's apparent triumph over his enemies helped lift the Dow Jones Industrial Average by more than 20 points.

Also this week, the markets were keeping a close eye on the deteriorating situation in Somalia where 12 US troops were killed and at least one US aviator captured and paraded in front of the world's press.

At first glance, there seemed no direct link between events in Somalia and the New York markets – the US has no pressing economic or strategic interests in the Horn of Africa. Yet, any hint that US forces might become entangled in a protracted, and probably unwinnable, overseas military conflict unnerves Wall Street because of the potentially high financial and political costs.

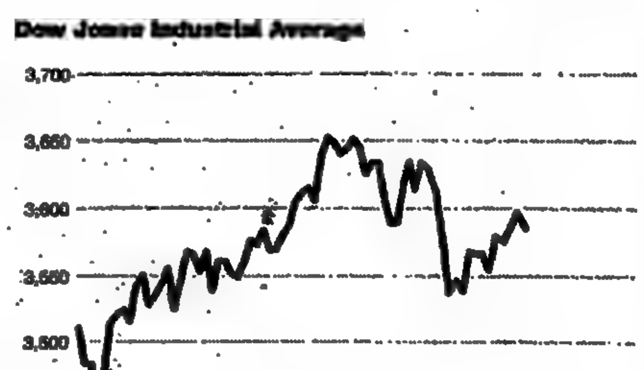
For many Americans, the sights and sounds emanating from Mogadishu revived unhappy memories of Vietnam. Economists worry that the country's confidence, already shaken by a protracted period of economic stagnation and growing social problems, would be further undermined by a messy involvement in another foreign conflict far from home.

On a more positive international note, US markets took heart this week from buoyant stock prices in Europe, where hopes for fresh interest rate cuts and a resurgence in local economies boosted demand for equities in Frankfurt, Paris and London.

While Wall Street generally regards gains in overseas stocks as positive for domestic markets, there is a danger that the strong performance of foreign equities could lure funds out of US stocks. Recent figures on mutual fund sales have shown that US investors' appetite for funds that invest in foreign markets has been growing steadily this year.

Finally, evidence of how international US markets have become was there for everyone to see on Wall Street this week. Well, not actually on Wall Street but on neighbouring Broad Street where a variety of of cars, trucks, helicopters and model aircraft made by Daimler-Benz were on display on Tuesday to celebrate the launch of the German group's shares on the New York Stock Exchange.

**Dow Jones Industrial Average**



Source: FT Graphite

Daimler became the first German company to obtain a full listing for its stock on a US exchange, and more are expected to follow now that the country's biggest industrial group has bitten the bullet and agreed to calculate its earnings according to US accounting principles.

Domestic investors are searching overseas for investment opportunities primarily because the markets at home are looking increasingly overpriced. It is difficult to justify share prices at, or near to, record highs when the economic fundamentals remain so unimpressive.

Take yesterday's September employment numbers. Although non-farm payrolls last month rose by a seemingly-solid 156,000, the headline number disguised underlying weakness in the manufacturing sector, where payrolls actually shrank last month. There was also a worrying decline in the number of work-hours.

The weakness in manufacturing jobs explained why the stock markets ignored yesterday's rally in bond prices. The 30-year bond shot up by more than a point after the employment report, lowering the yield to 5.917 per cent, but equities fell.

Investors are also concerned about corporate earnings. The third-quarter reporting season opens in earnest next week and, over the past few days, several big companies – notably Advanced Micro Devices and Corning – issued warnings that their latest three-monthly results would fall short of market expectations. Although there were other companies, such as Chemical Banking and Goodyear Tire & Rubber, predicting strong improvements in profits this week, investors preferred to dwell longer on the negative news.

The weakness of market sentiment has prevented prices from gaining much of a lift from the recent rash of mergers and acquisitions. Two more sizeable deals were announced this week. In the banking sector, the regional banks KeyCorp and Society Corp unveiled plans to join forces while, in the healthcare sector, HCA-Hospital Corporation of America agreed to be acquired by Columbia Healthcare.

Both transactions were measured in billions of dollars, and are proof of a remarkable recovery in the domestic M&A business. The latest figures show that M&A activity, measured in numbers of transactions, is stronger than it has ever been.

***Patrick Harverson***

| | | |
|---|---|---|
| Monday | 3577.76 | – 03.35 |
| Tuesday | 3587.26 | + 09.50 |
| Wednesday | 3598.99 | + 11.73 |
| Thursday | 3583.63 | – 15.36 |
| Friday | | |

The Bottom Line

# Whitbread's guessing game

WHITBREAD'S restructuring this week has stirred investor interest in the regional brewers and pub companies.

With the takeover of its associated Whitbread Investment Company (WIC), the national brewer will acquire stakes in a dozen of the regionals. The question is: what will it do with them?

All Whitbread has said so far is that it will "undertake a thorough and careful review of the options for the investments" in consultation with the companies. Those options include selling the investments to raise cash, retaining some of them to underpin trading links, or using them in some cases to launch a full takeover bid.

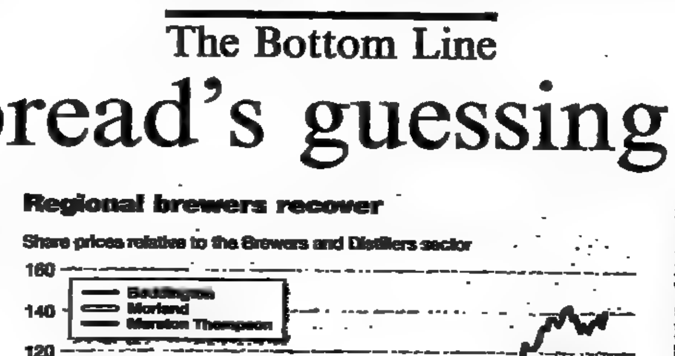
Decisions will have to be made on the stakes in Boddington, the Cheshire-based pub retailer, and Marston, Thompson & Evershed, the Burton-on-Trent brewer, within six months of the WIC acquisition. Whitbread will hold about 21 per cent of the shares in each of these groups and, to comply with the government's beer orders, will have to reduce the holdings to less than 15 per cent or free several hundred more of its own pubs from exclusive beer supplies.

Second-guessing Whitbread's intentions has already lifted the shares in the past two days: Boddington by 8p to 268p, and Marston by 14p to 280p.

Each could have acquisition attractions for Whitbread after the disappointment of losing Grand Metropolitan's Chef & Brewer pubs to Scottish & Newcastle. Boddington, which sold its breweries and eponymous beer brand to Whitbread when it quit brewing in 1989, has nearly 500 pubs as well as leisure hotels. Marston has nearly 900 pubs and Whitbread already distributes its Pedigree bitter, one of the strongest regional beer brands.

Their regional strengths, Boddington in the north-west and Marston in the midlands,

**Regional brewers recover**



Source: FT Graphite

would complement Whitbread's position in southern England. If it decides to use its greater freedom to make acquisitions in the pub sector – braving the inevitable interest of the Monopolies and Mergers Commission – there are few better packages available.

Whitbread's stakes in the other regionals would seem to have less intrinsic interest for the group apart, in some instances, from helping to smooth the supply of its beers into their pubs. But their disposal could enliven the sector.

If the 12 per cent stake in Morland comes on to the market, it could re-awaken the interest of Greene King, which is sitting on 29.3 per cent of the Thames Valley brewer after its unsuccessful bid last year. And Brakspear, the Oxfordshire brewer, the controlling family of which bought a chunk of its shares from WIC last year, now faces the disposal of a second tranche.

With the potential sale of more than £100m of shares in regionals from Vaux (£22.5m) and Greenalls (£12.7m) in the north, to Wolverhampton & Dudley (£6.4m) in the midlands and Fuller, Smith & Turner (£5.9m) in the south, the sector will come under keen scrutiny.

It will reveal some promising changes since the MMC shake-up of the industry – not least, a strategic return to the core business of brewing and pubs after some wild excursions into such activities as computers and carpet-cleaning.

The regionals, in general, have made good use of the opportunities afforded by the MMC to strengthen their pub estates and, with the renaissance of cask-conditioned ales, their beer brands. "They have provided shareholders with an impressive rate of growth over the past four years," says Michelle Proud, analyst at NatWest Securities.

"The average rate of compound growth in earnings during this period has been 9 per cent – significantly better than that of either the market or of the major brewers.

"No fund manager is likely to have lost sleep with investments in the regional brewers."

So far, pub retailers have done better than the integrated brewers, but the balance could be changing as the recession recedes.

Those companies which remained in brewing, have strong ale brands and an expandable, well-run, managed pub estate can now expect higher rates of growth.

***Philip Rawstorne***

# Health insurance that won't bleed you dry

***Bethan Hutton** looks at the options for budget-price treatment*

THE COST of private medical insurance has been rising by well above the rate of inflation. This, combined with the recession, has led to a wave of policy cancellations. So, insurers have been fighting back with new budget policies designed to cover the basics.

Fear of long NHS waiting lists is the main reason many people think of buying private cover. While the government's much-trumpeted campaign to cut waiting lists might have reduced your chances of having to wait two years for a routine operation, many people are still waiting a year or more, often in considerable discomfort, for non-urgent procedures such as hip replacements or hernia repairs.

One of the commonest devices used to lower the cost of private medical insurance is the six-week rule. This means that once a consultant has said you need to go to hospital, you use the NHS if it has a waiting list of less than six weeks for that operation. But if the wait would be longer than six weeks, you get private treatment immediately.

The six-week rule is, however, one of the most misunderstood concepts in insurance. Many people believe it means they must wait six weeks for private treatment. The important thing to understand is that it means you should never have to wait more than six weeks for treatment, whether in the NHS or privately.

You must remember, though, that signing up for private cover is not going to help you jump the queue if you already have a problem which needs treatment. Medical cover is the same as any other insurance: it is intended to pay out if the unexpected happens, not for certainties.

If you have a medical problem already, most insurers will accept you for cover but will exclude treatment for that condition, or anything related to it, either permanently or for at least two years. This provides a powerful incentive to join a medical insurance scheme while you are young and healthy, and to stick with the same insurer.

Apart from the six-week rule, the other main cost-cutting methods behind budget policies are annual cash limits, the exclusion of most outpatient treatment, and a limited choice of hospitals. Some schemes include all these elements, which can make them difficult to understand.

Jan Lawson, of specialist intermediary Private Health Partnership, emphasises the importance of understanding exactly how a scheme works, and what is covered, when you join so as to avoid disappointment later. Both Lawson and Irene Gallimore of Medisure, another specialist broker, pick the Norwich Union Personal Care scheme as a budget policy worth considering.

This policy is very basic, in that it excludes virtually all consultations and treatment as an out-patient. But it does not impose any cash limits on in-patient treatment and there is no waiting period.

Gallimore also likes Norwich's Express Care Six, which is a comprehensive policy with a six-week rule.

Unlike some six-week policies, it pays for consultations before it is clear whether you need private hospital treatment. But Lawson generally is wary of six-week rule policies because so many people find them confusing.

**■ Exclusions**
Most insurers have a similar list of basic exclusions, such as chronic or terminal illnesses (such as kidney failure and Aids), self-inflicted conditions (eg, alcohol-related), voluntary procedures (vasectomy, infertility treatment) and run-of-the-mill expenses such as dentistry and spectacles.

Other exclusions can vary between insurers and policies. Gallimore says two to watch for are psychiatric care and pregnancy complications.

Mental illness is surprisingly common and has a wide definition. If, for example, your teenage daughter developed the slimmers' disease, anorexia, a psychiatric exclusion would come into effect.

Healthy pregnancy is excluded by all but a handful of policies but complications are covered by some, often with the proviso that 10 months must have elapsed since the policy started.

As Gallimore points out: "You don't get pregnancy waiting lists in the NHS" – but it can be reassuring to know that, if there are complications, you can opt for private care.

**■ Choice of hospitals**
Hospital accommodation is usually graded A, B or C, according to the standard of the private rooms (not the quality of medical care). Some private hospitals have only grade A accommodation, while others offer a range.

Hospital charges for ancillary services also vary, so some policies use only hospitals with lower charges.

Some budget policies are restricted to basic accommodation, while others offer a choice. A few insurers go by post code, as hospitals in London and other cities tend to be in the upper price bracket.

A 45-year-old in central London would, for example, pay £43.73 a month for a Norwich Union Expresscare Six policy, compared with £19.97 for someone living in a cheaper area.

If your post code is highly rated, you could opt for a policy with a choice of grades, or with uniform rates for the whole country.

WPA and Norwich both have policies which use only private beds in NHS hospitals. Another Norwich scheme, Local Care, makes you choose in advance the one hospital where you could receive treatment – but offers you a list of about 43 around the country.

**■ Other discounts**
One tip from Gallimore is to check if your employer, or any other group or organisation of which you are a member, has a group scheme which could give you a discount. Even holders of some credit cards are eligible for discounts. If you have no ready-made group, you could try persuading colleagues, friends or relatives to form one.

Several insurers offer no-claims discounts. For each year you do not make a claim, your premium is reduced by a set percentage. This discourages people from making small claims, which push up administration costs.

*'You won't jump the queue if you have a problem when you sign up'*

Lawson thinks no-claims discounts are a good idea but cautions that you should first check what the standard premium is: some insurers offer "introductory discounts" of up to 30 per cent which means that, if you claim in the first year, you could find your premiums shooting up by that amount.

A more predictable way of securing a discount is by agreeing to pay an excess – a fixed amount towards every claim. Again, this is intended to discourage small claims. Bupa has discounts for fixed excesses of £100-£250 while Ohra, a Dutch insurer, has a system which gives discounts of up to 37.5 per cent if you agree to pay up to 50 per cent of the standard annual premium.

For a 45-year-old with a Medios policy using Band C accommodation, agreeing to a 50 per cent excess (£142.50) would cut premiums from £25.00 to £15.63 a month. With a 30 per cent excess (£116.28), premiums would be £20.63.

Some insurers, such as the Norwich Union, give discounts for paying annually rather than monthly.

**■ How to buy**
Medical insurance is often sold through direct marketing – a leaflet is sent with your bank or credit card statement, or falls out of a magazine. The problem here is knowing how what you are being offered compares with other cover available.

Lawson recommends comparing policy terms between a comprehensive policy and a budget one, so you can see exactly what is left out.

"The worst culprits are when some of the cheaper policies are being sold by direct mail," she says. "They are marketed as if they were full schemes."

If you are confused by the hundreds of subtly different schemes on the market, you could ask an independent financial adviser for help, or approach one of the specialist medical insurance brokers.

Medisure operates a telephone advice line* which can help to narrow down which policies, from the vast range on the market, are most likely to meet your needs.

Private Health Partnership, charges a £10 initial fee for an information pack and detailed questionnaire, based on which it recommends one or two suitable plans. It is then up to you whether you buy the policy and, if so, whether you buy it through PHP. Both Medisure and PHP earn commission on policies bought through them.

If you buy through an independent intermediary, most offer a back-up service to help you when you make a claim, or if you have any problems with the company.

**Medisure advice line: tel. 0272-702 122, Monday to Friday, 9-5, and ask for information on individual medical cover. Private Health Partnership: 0943-851 133*

**SOME BUDGET HEALTHCARE SCHEMES**

| Company | Policy | 6-week rule? | Cash limit? | Voluntary excess? | Choice of hospital? | Exclusions | Age limit* | Lowest premium for 45-year-old |
|---|---|---|---|---|---|---|---|---|
| Bupa | Healthchoice | Yes | No | £100 | 800, Band C | A, B, C | 74 | £15.28 |
| | LocalCare | No | No | £150 | 43, Band C | A, B | 74 | £23.90 |
| | EssentialCare | No | No | Up to £250 | 800, band C | A, B, C | 59 | £16.66 |
| Lloyds Bank | Budget Health Care | Yes | £30,000 | | Band C only | A, C | 59 | £20.01† |
| Norwich Union | Trust Care | No | No | | NHS only | A, B, C | None | £21.94§§ |
| | Personal Care | No | No | | 750 | A, B, D | None | £14.95 |
| | Express Care Six | Yes | No | | 750 | A | 75 | £19.97§§ |
| OHRA | Medios | No | No | Range | Banded | | 64 | £15.63 |
| | Young Family | No | £20-25,000 | | B or C only | D | 44 | £11.00 |
| PPP | Value | Yes | £10,000§ | | C or D only | A, B, C | None | £12.70† |
| | Secure | Yes | £15,000§ | | C or D only | B, C | None | £16.60† |
| Prime Health | Primecare Six Week | Yes | No | | banded | C | 74 | £18.50† |
| | Hospital Care | Yes# | No | | C only | A, B, C | 74 | £13.62 |
| | Hospital Care plus | No | No | | C only | A | 74 | £24.88 |
| WPA | Poplar | No | £40,000 | | §§ | C | 59 | £19.90§§ |
| | Spruce | Yes | £9,000§ | | §§ | D | 59 | £16.10 |
| | Maple | No | £50,000 | | NHS only | | 59 | £24.90§§ |

*At entry # Except for 12 common procedures. § Doubled for complications. §§ depends on postcode. † includes introductory discount.
Exclusions: A = psychiatry; B = complications of pregnancy; C = outpatient treatment except when linked to or following inpatient treatment. D = all or most outpatient treatment.

# FINANCE AND THE FAMILY

# ICS set for reform

## *Norma Cohen on changes to investor protection plan*

THE INVESTORS' Compensation Scheme is the safety net underpinning the Financial Services Act. It promises to compensate them for losses resulting from regulatory breaches if no one else is available to pay.

The ICS has been particularly important for those who discover they have been conned but that those responsible have gone out of business or disappeared with the cash. Since its inception in August 1988, it has paid out £36.2m to 4,477 investors.

It is funded (up to £48m) by a levy on members of each self-regulatory organisation, with individual assessments usually based on the volume of business conducted by each member. But heavy claims stemming particularly from excesses by one sector of the industry – independent financial advisers – and the inability of regulators to secure insurance up to the desired level of £100m, has forced a rethink of how the ICS is to be run.

Earlier this week, the Securities and Investments Board, the City's chief regulatory watchdog which oversees the ICS, prepared a discussion document on the scheme's future. This recommends several significant changes and asks for public comment by November 19. SIB intends to put the revisions into effect by April.

The most significant change is to end what is known as "cross-contribution." This means that if losses incurred by one group of members exceed their contributions, then members of other self-regulating organisations must contribute as well.

In each of the past three years, Fimbra members – who include the IFAs responsible *for the bulk of claims* – have been bailed out by the life insurance industry, which has volunteered to help pay for Fimbra's portion.

The life insurers rely on IFAs to help sell their products, and it could be argued that they have good reason to help out. In the 1991/92 year, though, members of other SROs also had to contribute towards the Fimbra shortfall.

SIB's preferred solution is that each SRO should have its own compensation scheme, although it is possible that the schemes could be managed centrally as a single unit to cut costs. Each scheme should have a "cap" of £100m in claims, a level which has never as yet been approached.

Some firms, particularly banks and building societies which sell insurance and pension products, do not belong to any of the SROs but have chosen to be regulated directly by SIB. But it is trying to extricate itself from direct regulation, and says in its paper that any firm it regulates will have to pay the same contribution to the scheme as any other.

That appears to be a subtle way of encouraging banks and societies to join a proposed new SRO for all retail financial services firms, to be known as the Personal Investment Authority. Some banks and societies have baulked, however, saying they do not wish to have to pay for the antics of some less-responsible Fimbra members.

Meanwhile, SIB proposes that if the schemes are to be managed separately, it will link the contribution each SRO makes to management costs to the number of times claims are made by their members. Thus, SROs with members making the fewest claims will bear the lowest management costs.

■ *Those wishing to comment on the proposals may write to: The Securities and Investments Board, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA.*

# Business expansion schemes

BUSINESS expansion scheme investors do not lack for choice, *writes Scheherazade Daneshkhu.* Recent issues include an arranged exit, cash-backed scheme from sponsor Matrix Securities for Middlesex University, offering a return of 122p after five years for every 100p invested. The equivalent annual compounded return to a higher rate taxpayer investor in Aegis V is 14.27 per cent. Minimum subscription is £1,000.

Royal Bank of Scotland has issued BESSA BES, sponsored by Close Brothers, which gives investors a choice of a fixed exit price of 120p (equating to an annual return of 13.8 per cent for higher rate taxpayers) or a FT-SE 100 linked return. The investor receives a minimum of 60p plus 2.5p for every 1 per cent rise in the index, up to a maximum of 36 per cent. There are lock-ins at rises of 24 per cent and 36 per cent.

The scheme comes with top credit ratings and recommendations from both BESt Investment and Best BES Advice. Minimum investment: £2,000.

Oxford Colleges BES, sponsored by Hodgson Martin, aims to raise £12m for St Hugh's, St Peter's and Wadham colleges. It is offering an arranged exit price of 118p, which the sponsors say equates to a compunded annual return of up to 14.2 per cent. It is backed by gilts. Minimum investment: £2,000.

Great Western II is an assured tenancy BES sponsored by Rowan Dartington, a West Country stockbroker, and issued by Knightstone Housing Association, which owns properties with a vacant possession value of about £220m. The aim is to raise a minimum of £750,000 to provide low-rent homes. The fixed exit price of 123p will be partially cash-backed with deposits at Knightstone.

Govett BES Taxsaver, sponsored by John Govett is an extension of Assetbuilder, number 4 of which was issued earlier this year, and has raised £6m. It will develop properties in the Portland Basin area near Manchester which will be bought back after five years by Sanctuary Housing Association. There is some cash backing. The fixed exit price is 117p but the sponsors say that, since BES3 certificates will be out by the end of November, this equates to a compounded annual return of 13.9 per cent to a higher rate taxpayer.

Sponsor Neill Clerk has also launched Unchained Reversions plc, to raise £1.9m It is a home reversion BES under which elderly owners sell their property in exchange for an assured tenancy in new accommodation. There is no arranged exit. Minimum investment: £1,000.

Courtview BES Properties is an entrepreneurial scheme arranged by Peter Duboff, a chartered accountant and chairman of Courtview BES companies. It is not a sponsored issue and since no commission is payable to intermediaries, costs should be kept low. The aim is to raise up to £10m to buy first-time buyer properties in London. A novel twist is a dividend option of 5 per cent net a year.

# The week ahead

ANALYSTS are on Monday expecting annual pre-tax profits of about £40m to £50m from Lucas Industries, the motor components and aerospace group, compared with £22.5m last time. This year's total will be flattered by about £12m of disposal profits. Trading continues to be tough and some fear the dividend may be cut. The City will also be interested in what the group has to say about its search for a chief executive, which has become something of a soap opera.

Interim results to the end of August from Body Shop, the natural cosmetics and toiletries retailer, are expected to show pre-tax profits of £9m to £9.3m, against £8.3m last time. The UK is likely still to be depressed compared with a relatively good first half last year. The US contribution will be affected by currency translation, although stores in the region are expected to have traded well.

Highland Distilleries is expected to report full-year pre-tax profits on Monday of about £39m, including £10m from the change to equity accounting of its 35 per cent stake in Robertson & Baxter, the whisky distiller. At the trading level, profits are likely to show a near-10 per cent increase to £24m, with continuing benefits coming from Remy Cointreau's distribution of Highland's Famous Grouse whisky.

On Tuesday St Ives, the UK's largest independent printer, is expected to report full-year pre-tax profits of about £22m, slightly ahead of last year's £21.1m. The results will be the first since Miles Emley took over as chairman from Robert Gavron earlier this year.

## TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| Assoc Fisheries | 199§§ | 159 | 124 | 8.73‡ | Liston Park |
| Bennett & Fountain | 2* | 2½ | 4 | 2.10 | Marlowe |
| British Syphon | 97 | 80 | 95 | 32.80 | Graystone |
| Man Ship Canal | £33½* | £34 | £21½ | £26.80 † | Peel Hldgs |
| P-E Intl. ‡ | 72½ | 73 | 65 | 15.86 | Cray Elect |
| Watts Blake | 420*§ | 425 | 391 | 67.33 | Sibelco |
| Whitbread Inv Co | 765 | 741 | 690 | 482.60 | Whitbread |

*All cash offer.††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 8/10/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ‡Value of bid based on remaining 25% of shares. ‡ Figures all quoted in Irish currency.

## PRELIMINARY RESULTS

| Company | Sector | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|---|
| Allied Leisure | H&L | Jul | 2,940 | (2,210) | 5.22 | (5.02) | 3.0 | (4.75) |
| Amstrad | Elec | Jun | 20,500 L | (70,700 L) | - | (-) | 0.5 | (0.4) |
| Ardagh | N/A | Jun‡ | 1,670 | (4,210) | 4.29 | (11.18) | 3.265 | (3.115) |
| Bailey (CH) | Eng | Mar | 446 | (1,090 L) | 0.74 | (-) | - | (-) |
| BCE Holdings | H&L | Mar | 56 L | (34) | - | (0.2) | - | (-) |
| Beckman (A) | Text | Jun | 790 | (903) | 4.7 | (5.2) | 3.55 | (4.75) |
| Burn Stewart Dist | B&D | Jun | 8,120 | (10,300) | 9.53 | (13.2) | 5.0 | (3.33) |
| Embassy Property | Prop | Mar | 1,670 | (7,800 L) | 3.03 | (-) | - | (-) |
| Ex-Lands | H&L | Jun | 914 | (65) | 1.07 | (0.1) | 0.35 | (-) |
| Galliford | C&C | Jun | 412 | (3,030) | 0.33 | (2.37) | 1.0 | (4.3) |
| Halstead (James) | Chem | Jun | 8,700 | (3,840) | 20.2 | (8.94) | 6.5 | (6.0) |
| Lloyds Chemists | Strs | Jun | 49,700 | (35,500) | 28.8 | (23.8) | 7.25 | (5.55) |
| Manchester United | H&L | Jul | 4,200 | (5,080) | 32.5 | (27.8) | 19.5 | (13.0) |
| Merivale Moore | Prop | Jun | 939 L | (23,600 L) | - | (-) | - | (-) |
| MR-Data Management | PP&P | Jun | 8,080 | (7,300) | 10.6 | (10.8) | 5.18 | (4.32) |
| Norex | Tran | Jun | 31,600 | (991 L) | 188.8 | (-) | 2.0 | (2.0) |
| Paramount | B&D | May | 450 | (403) | 0.58 | (0.58) | 0.15 | (0.1) |
| Pochins | C&C | May | 1,530 | (2,460) | 100.2 | (167.5) | 29.0 | (29.0) |
| Prestwick Holdings | Elec | Jul | 3,970 L | (91) | - | (-) | 0.5 | (1.5) |
| [illegible] | C&C | Jun | 10,800 | (10,000) | 4.34 | (8.73) | 3.0 | (6.0) |
| Renishaw | Oth | Jun | 7,140 | (9,090) | 10.3 | (13.1) | 6.5 | (6.5) |
| Shepherd Neame | N/A | Jun | 4,700 | (4,070) | 54.4 | (45.5) | 17.5 | (-) |
| Wehmiller (Barry) | Eng | Jul | 7,100 | (6,550) | 11.0 | (10.7) | 8.7 | (8.7) |
| Wescol Group | C&C | Jul | 30 | (2,490 L) | 0.6 | (-) | - | (-) |
| Whitegate Leisure | H&L | Aug | 863 | (8,720§L) | 6.5 | (-) | - | (-) |

## INTERIM STATEMENTS

| Company | Sector | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|---|
| Abbeycrest | Misc | Jun | 345 L | (739) | 1.2 | (1.2) |
| Abbott Mead Vickers | Med | Jun | 1,500 | (1,540) | 3.2 | (3.0) |
| Ash & Lacy | MMMF | Jul | 1,670 | (1,970) | 2.6 | (2.6) |
| Baillie Gifford Tech | InTr | Aug† | 7.3 | (-) | - | (-) |
| Bank of Scotland | Bank | Aug | 117,800 | (74,200) | 1.87 | (1.77) |
| Beauford | Eng | Jun | 3,080 | (2,070) | - | (-) |
| Beradin | N/A | Jun | 249 | (167) | - | (-) |
| Bilton | Prop | Jun | 8,980 | (8,890) | 5.67 | (5.67) |
| Bisichi Mining | Mins | Jun | 102 | (106) | - | (-) |
| Black (A & C) | Med | Jun | 244 | (254) | 4.25 | (4.25) |
| BLP Group | Misc | Jun | 194 | (11) | - | (-) |
| Brown (David) | Eng | Jul | 4,700 | (3,800) | 2.1 | (-) |
| Cambridge Isotope | N/A | May§ | 453 | (521) | - | (-) |
| Camellia | OtFn | Jun | 7,380 | (2,690) | 13.0 | (12.0) |
| Campari Intl | Text | Jun | 3,100 L | (1,030) | - | (3.25) |
| Capital & Regional | Prop | Jun | 151 | (137 L) | 0.5 | (0.5) |
| Carlisle Group | OtFn | Jun | 544 L | (707 L) | - | (-) |
| Clark, Nickolls Coombs | Prop | Jun | 141 | (218 L) | - | (-) |
| Clarkson (Horace) | Tran | Jun | 2,000 | (1,500) | 0.75 | (0.5) |
| Crean (James) | N/A | Jun† | 7,680 | (7,780) | 5.535 | (7.885) |
| Dosflex | Chem | Jun | 725 | (676) | 1.6 | (1.6) |
| Eidos | N/A | Jun | 78 L | (88) | - | (-) |
| Elam | Strs | Aug | 2,410‡ | (1,200) | 1.75 | (1.65) |
| Europa Minerals | Mins | Jul | 662 | (313 L) | - | (-) |
| Fairbriar | C&C | Jun | 1,680 L | (6,390 L) | - | (-) |
| Fine Decor | N/A | Jul | 1,330 | (971) | 1.0 | (-) |
| Grampian Holdings | Cngl | Jul | 2,060 | (10,800) | 1.7 | (1.7) |
| Helene | Text | Jun | 975 | (612) | 0.65 | (0.65) |
| Howden Stuart | C&C | Jul | 9,100 | (6,700) | 0.9 | (0.875) |
| Higgs & Hill | C&C | Jun | 525 | (673) | 1.0 | (1.0) |
| Hughes (TJ) | Stor | Jul | 118 | (143) | 0.75 | (0.75) |
| Johnston Group | BdMa | Jun | 393 L | (765 L) | 1.0 | (2.25) |
| Jones Group | N/A | Jun‡ | 1,180 | (5,290 L) | 4.0 | (4.0) |
| Jove Inv Trust | InTr | Feb† | 52.74 | (22.57) | 2.9 | (2.8) |
| Lamont Holdings | Text | Jun | 4,050 | (2,160) | 3.5 | (3.5) |
| London & Associated | Prop | Jun | 713 | (540) | 0.05 | (0.05) |
| Martin International | Text | Jun | 270 L | (142) | 0.4 | (1.7) |
| Nth British Canadian | InTr | Aug† | 187.1 | (55.9) | 0.94 | (0.94) |
| Padang Senang | N/A | Jun | 39 | (57) | - | (-) |
| QS Holdings | Strs | Jul | 1,680 | (3,880) | 1.56 | (1.56) |
| REA Holdings | MrBk | Jun | 354 | (193) | - | (2.0) |
| Reed (Austin) | Strs | Aug | 257‡ | (430 L) | 2.0 | (1.0) |
| Scottish TV | Med | Jun | 3,130 | (2,200) | 2.1583 | (1.725) |
| Silentnight Holdings | Misc | Jul | 6,200 | (4,100) | 2.75 | (2.25) |
| Singapore Para Rubber | N/A | Jun | 116 | (121) | - | (-) |
| Time Products | BsSr | Jul | 5,330 | (3,500) | 3.0 | (2.75) |
| Walker Greenbank | Misc | Jun | 3,350 | (1,890) | 1.2 | (1.2) |
| Waterhouse Group | BdMa | Mar | 61 L | (58) | - | (-) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ‡ Figures in Irish pounds & pence. § Figures in US Dollars and cents. § Figures for 8 months. ‡ Figures for 28 weeks.

## RIGHTS ISSUES

Clark (Matthew) is to raise £30m via a 3 for 5 at 375p rights issue.
Wescol Group is to raise £2.94m via a 4 for 3 at 15p rights issue.

## OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Abtrust is to raise £50m via an offer of shares at 100p.
Bibby (J) is to raise £75m via an offer for sale.
Kelt Energy is to raise £5m via an offer of shares at 40p.
Parkdean Leisure is to raise £7.6m via a placing of 5.85m shares at 120p

## RESULTS DUE

| Company | Sector | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | | |
| Attwoods | Misc | Wednesday | 1.75 | 3.25 | 1.75 |
| Essex Furniture | Strs | Monday | 1.85 | 1.5 | 1.5 |
| Exmoor Dual Inv Trust | InTr | Tuesday | - | 1.65 | - |
| Goodhead Group | Med | Wednesday | - | 0.5 | - |
| Highland Distilleries | B&D | Monday | 1.46 | 4.55 | 1.6 |
| Hong Kong Inv Trust | InTr | Monday | - | 1.0 | 0.75 |
| Lucas Industries | Mtrs | Monday | 2.1 | 4.9 | 2.1 |
| Maunders (John) | C&C | Thursday | 2.3 | 2.65 | 2.3 |
| Perstorp AB | Cngl | Monday | - | - | - |
| Sinclair (William) Holdings | Misc | Tuesday | 1.7 | 5.3 | 1.7 |
| St Ives | PP&P | Tuesday | 1.5 | 3.75 | 1.5 |
| Tay Homes | C&C | Monday | 1.2 | 4.65 | 1.2 |
| Town Centre Securities | Prop | Tuesday | 1.0 | 2.1 | 1.1 |
| Wetherspoon (JD) | B&D | Thursday | - | - | 1.8 |
| **INTERIM DIVIDENDS** | | | | | |
| Aminex | O&G | Monday | - | - | - |
| Barlows | Prop | Thursday | 0.825 | - | - |
| BNB Resources | BsSr | Thursday | 1.6 | 3.3 | - |
| Body Shop International | Strs | Thursday | 0.88 | 1.02 | - |
| Boxmore International | PP&P | Tuesday | 1.15 | 2.53 | - |
| Brooks Service | BsSr | Friday | - | - | - |
| Brown (N) Group | Strs | Wednesday | 1.85 | 5.05 | - |
| Chepstow Racecourse | H&L | Thursday | - | 1.0 | - |
| City of Oxford Inv Trust | InTr | Monday | - | - | - |
| Clinton Cards | Strs | Tuesday | 1.5 | 2.75 | - |
| Computer People | Elec | Monday | 0.65 | - | - |
| Craig & Rose | Oth | Friday | 12.5 | - | - |
| Delyn Group | PP&P | Wednesday | 0.5 | 1.17 | - |
| Densitron International | Elec | Wednesday | 0.4 | 1.0 | - |
| Derwent Valley | Prop | Tuesday | 2.9 | 6.7 | - |
| El Oro Mining & Exploration | OtFn | Thursday | 24.0 | - | - |
| Exploration Co | OtFn | Thursday | 12.0 | - | - |
| Eurotunnel | Tms | Monday | - | - | - |
| Fleming Inc & Cap Inv Trust | InTr | Friday | 1.0 | 1.725 | - |
| FR Group | Eng | Tuesday | 2.46 | 4.74 | - |
| Gates (Frank G) | Mtrs | Monday | - | 2.25 | - |
| Hunting | Eng | Thursday | 4.0 | 6.0 | - |
| Jackson Group | C&C | Thursday | 0.5 | 1.0 | - |
| Quadrant Group | H&L | Thursday | - | - | - |
| Reed Executive | BsSr | Friday | - | - | - |
| Ross Group | Misc | Tuesday | 0.2 | 0.45 | - |
| Ryan Hotels | H&L | Monday | - | - | - |
| Seton Healthcare | H&H | Wednesday | 1.7 | 4.1 | - |
| Sindall (William) | C&C | Thursday | - | 0.1 | - |
| Tie Rack | Strs | Tuesday | - | 1.0 | - |
| Tudor | BdMa | Thursday | - | 0.25 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

FINANCE AND THE FAMILY

Unit trusts / Scheherazade Daneshkhu

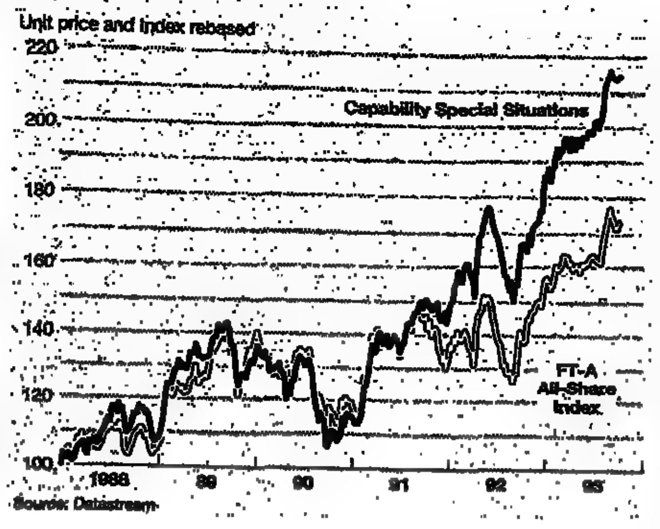
# Capability by name – and nature

SINCE Capel Cure Myers launched its special situations fund in 1971, it has had a variety of identities, although retaining the same basic philosophy. Known first as Alben, then Vanguard, it now goes under the catchy name of Capability Special Situations.

Kenneth Levy, the manager since 1977 and head of fund management at CCM, sums up a special situations stock as one which could be expected to show above-average capital appreciation. "I try to buy winners and sell losers," he says. "That sounds easy but, to do it, I look at the fundamentals of a company. I'll buy if the profit upgrades are good and if there is a 'good news' flow. If all that is in place and the shares are underperforming, I usually won't buy because, seven times out of 10, the market knows more than you."

Levy is a believer in market momentum when the price of a share in which he has invested is moving as well as, or better, than its sector. Adopting the market momentum, by refraining from going against the market, is also designed to protect the fund from losing money. "If there are profit downgrades, and a bad news flow, I'll cut my holding. That way, you don't get caught in a Polly Peck."

Capability Special Situations



Source: Datastream

The strategy certainly seems to be working. The fund is top of the UK growth sector in the 10 years to October 1. Over five years, it is 21st out of 118 and sixth out of 137 in the three years to October 1 (offer-to-bid with income re-invested, according to *Micropal*).

Despite the strong performance, the fund, with £33m assets under management, is relatively small. Levy says it has never been marketed aggressively and has been used mainly as an in-house broker fund.

He explains that the skill of his job is "as much about reducing poor performance as it is about getting a particular stock right." He is only too aware that he is trying to protect investors' money as well as to make it grow; thus, he is risk-averse in a recession by switching out of the medium size and smaller companies, which make up the bulk of the fund in more buoyant times, to the relative safety of blue chip companies.

Until a year ago, 70-80 per cent of the fund was invested in FT-SE 100 stocks, with cash holdings of up to 10 per cent and some gilts. "As we've been moving from recession to expansion, I've shifted the composition of the fund so that it is now only 33 per cent invested in FT-SE 100 companies and two-thirds in FT-SE 250 companies," Levy says.

He has been selling or reducing holdings in Bowater, the packaging, printing and coated products group; and Weir Group, the engineering company, after profit downgrades. Instead, at a time when interest rates have been falling and are expected to drop further, he has been building up holdings in those stocks which are sensitive to interest rate movements. These include financial and insurance company stocks.

The largest holdings are in General Electric, which accounts for about 3 per cent of the fund; National Westminster bank; Provident Financial, the consumer credit and insurance company; Smith New Court, the securities house; and insurance companies such as General Accident, GRE, Royal Insurance and Prudential.

His favourites among the medium size companies include James Halstead, the floor-covering group which this week reported a doubling of pre-tax profits in the year to June 30; Stagecoach, the Perth-based regional bus service operator, and FKI, the electrical engineering group which demerged from Babcock International and announced a large US acquisition last week. There about 55 stocks altogether in the fund.

Surely the belief in market momentum should favour tracker funds, which aim to follow the market, at the expense of managed funds? "No," says Levy, "because if you apply the fundamentals, you'll get successful outperformance over time since you are more likely than not to know those sectors which can be pitfalls.

■ Charges. The initial charge is 5 per cent and the bid-offer spread is about 6 per cent. The annual management fee is 1 per cent and the minimum investment is £500. There is a Pep attached to the fund at no extra cost but there is no savings scheme at present, although this is under review.

Bonds / Michael Dyson

LAST MONTH, we drew attention to the fact that direct holdings of bonds provide investors with a fixed income, tax efficiency and, in many cases, a known future value for their capital. Here, we offer examples of how this diverse market can answer some less common requirements.

■ *A tax-exempt investor wants a high gross income.*

Eurosterling bonds pay interest gross to non-UK residents but tax will be deducted from payments to UK residents. There are, however, a number of domestic bonds that pay interest gross to all investors (such income should be declared and could make you liable to income tax).

These bonds are from two sectors: namely, supernational bulldogs and housing associations. Supernational bulldogs (domestic sterling bonds for non-UK borrowers issued by multi-government agencies such as the World Bank), are a useful option to gilts and should be compared with gilts bought through the post office register. Alternatively, significantly higher yields than gilts (albeit with higher risk) are possible by buying bonds from housing associations.

For example, the Housing Finance Corporation 8.625 per cent 2023 at a price of 101.25 offers yields of 8.25 per cent income and 8.51 per cent gross redemption yield. These compare with the nearest comparable gilt at 7.51 per cent income and 7.27 per cent GRY.

■ *A tax-exempt investor wants to buy a bond that bears no income but increases the capital significantly.*

The tax treatment of zero coupon bonds is complicated and net investors often concentrate instead on the zero dividend preference share market. Consequently, zero coupon bonds are available at high gross yields.

One such bond is the Exeter Preferred Capital Zero Coupon Debenture 2002. It is secured on a portfolio of split capital investment trusts, and investors who buy bonds at 51.5 can look forward to repayment at 100 at January 31 2002 – a yield of 8.16 per cent.

☐ *Michael Dyson is director of Barclays de Zoete Wedd Capital Markets Ltd.*

*Please note that BZW Capital Markets is a market-maker and cannot deal with private clients direct, so those interested in buying bonds should approach a broker.*

**Sterling bonds for private investors**

| Issuer | Coupon % | Price | Red'n Date | Red'n Price | GRY s.a. | Inc Yld | Interest Dates | NRY 25% | Net inc 25% |
|---|---|---|---|---|---|---|---|---|---|
| High income | | | | | | | | | |
| Britannia Building Soc Pibs | 13.00 | 136.75 | Irredeemable | n/a | n/a | 9.50 | 31/1 31/7 | n/a | 7.13 |
| Barclays Bank Plbc | 9.00 | 102.38 Call | 11/10/2023 | 100.00 | 8.80 | 8.79 | 11/10 | 6.46 | 6.59 |
| European Inv Bnk Bulldog | 10.38 | 123.63 | 22/11/2004 | 100.00 | 7.24 | 8.39 | 22/5 22/11 | 4.95 | 6.29 |
| Balanced income and capital | | | | | | | | | |
| Bankers Inv Tst Debenture | 8.00 | 101.50 | 31/10/2023 | 100.00 | 7.87 | 7.88 | 30/4 31/10 | 5.85 | 5.91 |
| The Housing Fin Corp Debenture | 8.63 | 101.25 | 13/11/2023 | 100.00 | 8.51 | 8.52 | 13/5 13/11 | 6.37 | 6.39 |
| Zero Coupon Bond | | | | | | | | | |
| Exeter Preferred Capital Debenture | 0.00 | 51.5 | 31/1/2002 | 100.00 | 8.16 | n/a | n/a | 6.19 | n/a |
| Zero dividend preference shares | | | | | | | | | |
| Yeoman Zdp | 0.00 | 198.75 | 31/12/1998 | 292.70 | 7.51 | n/a | n/a | 6.89* | n/a |
| M&G Inc Zdp | 0.00 | 65.75 | 5/11/2001 | 102.46 | 7.72 | n/a | n/a | 7.08* | n/a |
| Johnson Fry Utilities Zdp | 0.00 | 111.25 | 31/7/2003 | 229.00 | 7.63 | n/a | n/a | 6.84* | n/a |
| Index linked debentures | | | | | | | | | |
| Severn River Index Link Debenture | 6.00 | 121.50 | 30/9/2012 | 255.00* | 4.53* Real | 5.18* Initial | 30/6 31/12 | 3.18* Real | 3.88* Initial |

*Assumes inflation at 5 per cent

FINANCE AND THE FAMILY

# Wanted: more trustees

***Debbie Harrison** explores the finer points of running a pension scheme*

FOLLOWING publication last week of the Goode committee's report on pensions law, the government is expected to call for more occupational scheme members to become trustees in order to improve the security of UK pension funds.

A trust cannot exist without a trustee who, as legal owner of the fund, is obliged to look after the assets on behalf of the "beneficiaries" – the present members, deferred members (ex-employees who have left behind their accrued rights), and retired employees drawing pensions. At present, an estimated 300,000 trustees act as guardians of combined UK pension fund assets worth £400bn.

The Goode report recommended that, for final salary schemes where the employer promises to provide pensions linked to final pay, members should make up one-third of the trustee board. Under money purchase schemes, where the pension is determined by the investment returns of contributions, the report recommended two-thirds of trustees should be members.

Most large schemes consider appointing trustees to be good practice even though it is not compulsory. Smaller companies, however, often draw most of their trustees from management, a situation that can lead to abuse. If the company is cash-poor but pensions-rich, it might be tempting for the management trustee to use the fund to bolster the flagging corporate finances.

The first and most important point for prospective trustees is that their responsibility is to the beneficiaries, not the employers. Patrick Day was a member trustee for Tate & Lyle's main UK pension scheme – a fund with £400m and 10,000 beneficiaries – for eight years before he retired. Since then, he has continued his role as a pensioner trustee.

Day says: "There is a great deal to learn. The most difficult decisions involved the discretionary benefits – for example, over who should receive the death or ill-health benefits in marginal cases. This is where the member trustees' knowledge of the work force really comes into play."

Tate & Lyle's fund already has 50 per cent member trustees, who are elected by a committee. Day explains: "The committee looks for someone with a lot of common sense who is prepared to make the necessary commitment to study the trust deed and rules and to keep up with legislation."

Ron Skelton is a member trustee and chairman of the trustee board for a subsidiary of Siemens, the electrical group. He says: "It is easy to become over-awed when you are sitting around the table with the top management. You need to have the confidence that can come only from knowledge."

*'You need to have the confidence that can come only from knowledge'*

Day and Skelton have attended trustee training courses, and both have studied for (and passed) the Pensions Management Institute (PMI) Trustee Certificate of Basic Pensions Knowledge* – a relatively new course designed to cover the essential facts trustees must know.

John Cunliffe, a partner with pensions solicitor McKenna and Co. and author of the National Association of Pension Funds' (NAPF) guide for trustees**, says: "As a member trustee, you are not expected to be an expert, but you should be honest, competent and interested in your scheme. Your first job is to look at the trust deed and rules and, if these are too muddled, ask the pensions manager to provide a summary. It is also essential to understand the main scheme booklet."

The trust deed sets out, among other points, how the fund is to be invested and the winding-up procedure. Robin Ellison, a partner with pensions solicitor Ellison Westhorp, has written a guide for trustees*** which includes an explanation of the key clauses to examine in deeds.

If the Goode proposals are taken up, trustees will be required to take greater responsibility for checking a scheme's solvency and for distributing any surplus funds on wind-up. Criminal sanctions may be imposed on trustees and their professional advisers if they neglect their duty, so it is crucial to be well briefed before signing up.

**For details, contact the PMI on 071-247 1452.*

***A new edition of The Role of the Pension Fund Trustee will be available in January 1994. Contact the NAPF on 071-730 0585.*

****The Pension Trustee's Handbook is available from Hawkesmere Publishing. Tel: 071-824 8257.*

# Escape for employers

***Norma Cohen** reports on a pension ruling by the European Court*

MEN AND women may have been created equal but their pensions have not. Earlier this week, the European Court of Justice underscored its landmark May 1990 ruling – known as Barber v. Guardian Royal Exchange – that pension benefits for men and women had to be equal. But it also said that no employer should be liable for equality before May 1990.

The case decided this week – known by the name of its plaintiff, Ten Oever – asked if employers who paid survivors' pensions to widows must also do so for widowers. The court said yes, but not for those employed before the Barber judgement took effect.

The court, however, must still adjudicate on a number of other equally vexing cases. One of the most complex and far-reaching has been brought by pension scheme members at Coloroll, the UK home furnishings company now in liquidation. In short, it asks just how far employers must go towards providing equal pensions.

The tricky part of the question rests on the fact that women live longer than men. Therefore, it costs more to support a woman to the end of her natural life than it does for a man, even if both retire at the same age. So, if an employer provides a female employee with a larger lump sum upon retirement to buy an annuity to give her the same benefits as a male employee, does that constitute an unequal pension benefit?

Indications from the advocate-general, who advises the court, are that the answer is yes. But if the employer gives her the same sum as a man and she can buy only a lower monthly stream of payments, does that not also constitute an unequal provision?

Part of the problem lies with the European insurance industry; as yet, its actuaries have not devised what are known as "unisex" actuarial tables. These are rates which both men and women have to pay to achieve the same stream of benefits, and have been common in the US for years.

The final Coloroll ruling is not expected until late this year or early in 1994.

ADVERTISEMENT

## BUILDING SOCIETY INVESTMENT TERMS

| Name of Society | Product | Gross CAR | Gross | Net | Net CAR# | Interest Paid | Minimum Balance £ | Access and other details |
|---|---|---|---|---|---|---|---|---|
| Alliance & Leicester | Bonus 90 | 7.85 | 7.85 | 5.89 | 5.89 | Yrly | Tiered | 7.60/7.35/7.05/5.50 |
| | Tessa | 7.65 | 7.65 | - | - | Yrly | 20 | 28 days notice/month inc. av |
| | Midas | 6.25 | 6.25 | 4.69 | 4.69 | Yrly | Tiered | 5.50 £10K/5.90 £25K/6.25 £50K Instant access |
| | Instant Access | 5.05 | 5.05 | 3.79 | 3.79 | Yrly | Tiered | 4.65/4.55/4.40/4.25/0.50 |
| Birmingham Midshires | Quantum High Int | 7.15 | 7.09 | 5.27 | 5.34 | ½Yrly | 30,000 | Instant access above £10K |
| (0902 645700) | First Class Int | 7.35 | 7.35 | 5.51 | 5.51 | Yrly | 100,000 | Instant access no penalty |
| Bradford and Bingley | Maximiser Special Asset | 5.50 | 5.50 | 4.13 | 4.13 | Yrly | 5,000 | 180 day notice. Monthly income |
| | Maximiser Special Asset | 6.50 | 6.50 | 4.88 | 4.88 | Yrly | 10,000 | 5.25% gross, 6.35% gross, 6.75% |
| | Maximiser Special Asset | 7.00 | 7.00 | 5.25 | 5.25 | Yrly | 20,000 | gross, 7.00% gross |
| | Maximiser Special Asset | 7.25 | 7.25 | 5.44 | 5.44 | Yrly | 40,000 | |
| | Max High Rte II Tessa | 7.35 | 7.30 | - | - | Yrly | 9,000 | 7.30% Gross on specific fund. |
| Catholic (071-222 6736/7) | Jubilee Bond II | 7.00 | | | 5.25 | Mthly | 30,001 | 90 Day £2K+ 6.75%/5.06% net. |
| Century (Edinburgh) (031 556 1711) | "A" Shares | 8.00 | 8.00 | 6.00 | 6.00 | Annually | 100 | Interest Rate Guaranteed to 31.12.93 (7.00% thereafter) |
| | Ordinary | 5.57% | - | - | 4.167 | ½ Yrly | 1 | Instant Access. No Penalties |
| Cheltenham & Gloucester | C&G Instant 7 | 7.10 | 7.10 | 5.32 | 5.32 | Yrly | 25,000 | Instant, with 7 day loss of interest. Min. inv. £5000 |
| (0800 717505) | Best 90 (Closed Issue) | 8.05 | 8.05 | 6.04 | 6.04 | Yrly | 100,000 | Closed Issue. £50k 7.8% £25k 7.55% £10k 7.05% |
| City & Metropolitan | Super 60 | 7.35 | 7.35 | 5.51 | 5.51 | Yrly | 10,000 | Withdrawals at only 60 days notice. 31.8.93 7.25% 10K, 7.50% 25K |
| Halifax* | Premium Xtra | 7.35 | 7.35 | 5.51 | 5.51 | Yrly | 100,000 | Gross rates include 0.25% annual gross |
| | Premium Xtra | 7.20 | 7.20 | 5.40 | 5.40 | Yrly | 50,000 | bonus payable where no withdrawals |
| | Premium Xtra | 6.90 | 6.90 | 5.18 | 5.18 | Yrly | 25,000 | occur. One withdrawal up to £5,000 per mth where £10,000 remains. |
| | Premium Xtra | 6.55 | 6.55 | 4.91 | 4.91 | Yrly | 10,000 | Different interest rate apply to non-personal accounts (eg of co., club or charity accounts) |
| | Tessa | 7.53 | 7.53 | - | - | Yrly | 50 | 5yr term incl 2 bonuses |
| Leeds & Holbeck (0532 459511) | Capital Bond | 7.70 | 7.70 | 5.78 | 5.78 | 30 April | 100,000 | 90 days notice/penalty. Monthly income option also available |
| | Tessa | 7.05 | 7.05 | - | - | 31 Dec | 1 | No transfer restrictions or charge. Loyalty bonus ½% extra year 5 |
| | Gold Access | 5.70 | 5.70 | 4.28 | 4.28 | 31 Dec | 250,000 | No notice no penalty |
| Leeds Permanent (0532 438181) | Bonus Gold | 7.80 | 7.80 | 5.85 | 5.85 | Annual | 100,000 | Includes an interest bonus of 0.50% p.a. provided no withdrawals |
| | Bonus Gold | 7.57 | 7.57 | 5.68 | 5.68 | Mthly | 100,000 | made during previous 12 month period. Tiered rates from £10,000. |
| | Liquid Gold | 5.60 | 5.60 | 4.20 | 4.20 | Annual | 25,000 | Instant access no penalty. Tiered interest rates from £25 |
| | Solid Gold | 6.50 | 6.50 | 4.88 | 4.88 | Annual | 50,000 | Instant access, no penalty on min of £10,000. Otherwise 90 days |
| | Solid Gold | 6.31 | 6.31 | 4.73 | 4.73 | Monthly | 50,000 | notice on 90 days loss of interest. Tiered interest rates from £500. |
| Marsden (0282 692821) | Rainbow 60 | 7.75 | 7.75 | 5.81 | 5.81 | Annually | 100,000 | 60 days notice |
| | Rainbow 60 | 7.25 | 7.25 | 5.44 | 5.44 | Monthly | 100,000 | 60 days notice |
| National & Provincial* | Investment Returns | 6.20 | 6.20 | 4.65 | 4.65 | Yrly | 5,000 | Annual Interest |
| (0800 446600) | | 7.00 | 7.00 | 5.25 | 5.25 | Yrly | 10,000 | option. |
| | | 7.50 | 7.50 | 5.62 | 5.62 | Yrly | 25,000 | Rates include 1.5% |
| | | 7.75 | 7.75 | 5.81 | 5.81 | Yrly | 50,000 | interest bonus for |
| | | 8.00 | 8.00 | 6.00 | 6.00 | Yrly | 100,000 | no withdrawals |
| | | 8.15 | 8.15 | 6.11 | 6.11 | Yrly | 250,000 | |
| Newcastle (091 232 6676) | Nova Plus Special | 6.25 | 6.25 | 4.69 | 4.69 | Annually | 200,000 | Instant Access |
| | Nova Plus | 6.06 | 5.90 | 4.43 | 4.52 | Mthly | 50,000 | Instant access. Tiered Account |
| | Nova Star (7th Issue) | 7.25 | 7.25 | 5.44 | 5.44 | Annually | 5,000 | 15 month bond. Rate variable. |
| North of England (091 510 0099) | Edinburgh 30 | 7.50 | 7.50 | 5.63 | 5.63 | Yrly | 25,000 | 30 days notice/loss. Postal account. Lower rate |
| | Account | 7.00 | 7.00 | 5.25 | 5.25 | Yrly | 10,000 | available on £2500+ and for monthly income. |
| Northern Rock (091 285 7191) | 90 Day Account | 8.06 | 8.06 | 6.04 | 6.04 | Yrly | 50,000+ | 90 day notice. Rate |
| | | 7.60 | 7.60 | 5.70 | 5.70 | Yrly | 25,000+ | includes 0.50% gross |
| | | 7.45 | 7.45 | 5.59 | 5.59 | Yrly | 10,000+ | p.a. bonus if no |
| | | 7.25 | 7.25 | 5.44 | 5.44 | Yrly | 5,000+ | withdrawals made in |
| | | 6.40 | 6.40 | 4.80 | 4.80 | Yrly | 2,500+ | each full year |
| Portman (0202 292 444) | Prestige Cheque | 6.00 | 6.00 | 4.87 | 4.87 | Yrly | 50,000 | High interest cheque account. |
| | Instant Access | 5.00 | 5.00 | 3.93 | 3.95 | Yrly | 500+ | No notice, no penalty |
| Principality (0222 344188) | Super Six Account | 8.15 | 8.15 | 6.11 | 6.11 | Yrly | Tiered | Includes 0.25% bonus for no withdrawals |
| Scarborough (0723 368155) | Ninety 3 | 5.50 | 5.50 | 4.12 | 4.12 | Annually | 500 | Monthly Option, 90-Day Notice, Instant Access/Penalty |
| | Keepsafe | 9.00 | 9.00 | 6.75 | 6.75 | Annually | 15 | Regular Saving, Monthly Investment £15-150, Instant Access |
| Skipton (0756 700511) | Sovereign Shares | 6.40 | 6.40 | 4.80 | 4.80 | Yrly | 50,000 | Instant access, no penalty. |
| | | 5.55 | 5.55 | 4.16 | 4.16 | Yrly | 25,000 | |
| | Young Sovereign | 8.50 | 8.50 | 6.38 | 6.38 | Yrly | 25 | Under 18s Rate includes 2% Bonus p.a. for no withdrawals. |
| Stroud and Swindon* | Tessa | 7.50 | 7.50 | - | - | Yrly | 100 | 7 days notice. Monthly income available. |
| Woolwich | Fixed Rate Bond | 6.75 | 6.75 | 5.06 | 5.06 | Yrly | 25,000 | 2 years fixed rate. No withdrawals or closures. |
| (0800 400900) | | 6.50 | 6.50 | 4.88 | 4.88 | Yrly | 5,000 | Limited offer |
| | Investment Bond | 8.00 | 8.00 | 6.00 | 6.00 | Yrly | 100,000 | Monthly income available. Rates |
| | | 7.75 | 7.75 | 5.81 | 5.81 | Yrly | 50,000 | variable. One instant withdrawal |
| | | 7.50 | 7.50 | 5.63 | 5.63 | Yrly | 25,000 | up to £5000, others at |
| | | 7.00 | 7.00 | 5.25 | 5.25 | Yrly | 10,000 | 90 days notice or penalty. |
| Yorkshire (0274 740740) | Tessa Premier | 7.25 | [illegible] | - | - | Yrly | 100 | 90 days notice of transfer |
| | Key 90 Plus | 7.05 | 7.05 | 5.29 | 5.29 | Yrly | 100,000 | 90 days notice or loss of interest |
| | Key 90 Plus | 6.90 | 6.90 | 5.18 | 5.18 | Yrly | 50,000 | one immediate penalty free withdrawal subject to a |
| | Key 90 Plus | 6.65 | 6.65 | 4.99 | 4.99 | Yrly | 25,000 | maximum of £5000 each calendar year |
| | Key 90 Plus | 6.25 | 6.25 | 4.69 | 4.69 | Yrly | 10,000 | |

* For telephone see local directory. #Net of basic rate tax. CAR = Annual yield after interest compounded. 9/10/93

# ON OCTOBER 17th YOU CAN REALLY HELP BRITAIN'S HOMELESS & HUNGRY

GARFUNKEL'S

MOUNT CHARLOTTE THISTLE HOTELS

HILTON

HILTON NATIONAL

Wentworth

Bass Taverns

FORTE

VOYAGER HOTELS & VENUES

A Virgin COMPANY

Jarvis Hotels

Next Sunday evening, thousands of Britain's Hotels, restaurants and pubs will be hosting the biggest party in the world. It's for the homeless and hungry. And you're invited. Just turn up at any one of the participating establishments, enjoy a pub drink or restaurant meal, and as much as half of what you spend will be passed on to Dine-a-Mite, a unique charity set up by Britain's hotel and catering industry.

Dine-a-Mite aims to help Britain's homeless and hungry by raising money for The British Red Cross, Age Concern, The Salvation Army, The Hotel and Catering Benevolent Association and a host of smaller local charities. All the money will be spent in the UK.

## BY DINING OUT WITH US

Next Sunday, the more you spend the more you'll be helping Britain's homeless and hungry. So, go on. Enjoy yourselves. Have a ball. Because you'll be doing more than that. Together, we'll be helping make things better for thousands of people all over the land.

Participating restaurants are giving 50%, and pubs either 50% of food, or up to 20p a pint.

Dine-a-Mite

FOR THE HOMELESS AND HUNGRY

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FINANCE AND THE FAMILY

The Speculator / **Scheherazade Daneshkhu**

# Taking risks on futures

WHEN actor Eddie Murphy stepped into a futures dealing pit to became a millionaire in the film *Trading Places*, he seemed to be at the sharp end of a modern and sophisticated financial instrument.

In fact, the first futures contracts are said to have been sold by Japanese rice farmers in the 16th century. The first organised futures fund was established in the US, and it is there that the market is most developed.

A futures contract is an agreement to buy or sell a fixed quantity of a certain commodity, currency or security for delivery at a specified date at a fixed price. The system was devised to protect farmers against volatility in commodity prices.

The farmer would agree to sell a proportion of his crop at a fixed price on a fixed date. The consumer also wanted to know the price he would have to pay once the crop was harvested so it was in his interests, too, to fix a price.

The futures market could also be used to hedge risk. Everyone is familiar with the concept of hedging against inflation by investing in equities or bonds to protect capital against a rise in inflation.

Liquidity in futures markets is provided by speculators who, in order to try to make a profit, are willing to take on the risk of those who are hedging. One reason speculators are attracted to futures is that they need to provide only a fraction of the money needed to buy the contract.

Say a speculator pledges to buy coffee at $50 a ton in six months; he may only need to put up only $5 initially. If the price of coffee doubles during that period, he can sell the contract before delivery for $100 and get the full benefit of the rise. So, he will have made $50 for an outlay of only $5.

Although the price of the contract has only doubled, he has profited from a tenfold increase. This process is known as margin trading and has earned futures its reputation for risk because, if the price had moved against him, he could have lost many times his original stake.

Futures contracts today are often for hundreds of thousands of dollars or pounds but private investors can enter the market for considerably less through a futures fund. The minimum investment will usually be around $5,000-10,000. A fund invests in a range of futures – mostly financial which, in the UK, are traded on the London International Financial Futures Exchange.

Given the risk, why should anyone want to invest in futures? Despite their volatile image, futures funds can be used to lessen risk because some futures do not necessarily move in line with other markets.

"Futures tend to show low correlation with equity and bond markets," says Nicola Meaden, managing director of TASS, a London-based information and research house which has developed an index to monitor the performance of funds. "They can, therefore, be used to reduce risk by increasing diversity in a portfolio."

Peter Swete, chairman of Sabre Fund managers – a UK-based futures manager which is 25 per cent owned by Henderson – adds: "People buy us as they would an emerging markets fund or property. We can also provide high leverage and high risk if that is what the investor wants."

In order to meet investors' anxieties over risk, the market has tried to expand by constructing "guaranteed" futures funds. These promise to return capital at the end of a specified period (usually five years) while holding out the prospect for profits during that period.

Most non-US futures funds are based offshore. It was not until 1991 that the Securities and Investments Board, the chief regulator for the financial services industry in the UK, allowed unit trusts to invest in futures and options. The SIB authorised two types of fund: unleveraged futures and options funds (Fofs) and leveraged funds (Gfofs). Guaranteed funds are not yet permitted onshore.

■ *Next week: the different types of futures funds.*

**DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)**

| Company | Sector | Shares | Value | No of directors |
|---|---|---|---|---|
| **SALES** | | | | |
| BICC | Elec | 43,291 | 188 | 2 * |
| Bluebird Toys | Misc | 60,500 | 296 | 2 |
| Bodycote | Cong | 250,000 | 700 | 2 * |
| British Gas | Oil | 90,429 | 295 | 1 * |
| Burmah Castrol | Oil | 42,124 | 323 | 1 * |
| Capital Industries | PP&P | 100,000 | 190 | 1 * |
| Clayhithe (CULS) | EngG | 100,000 | 92 | 1 |
| Fired Earth Tiles | Stor | 30,000 | 18 | 1 |
| Frogmore Estates | Prop | 50,000 | 244 | 1 * |
| Hanson | Cong | 20,000 | 51 | 1 |
| Helical Bar ConvPrf | Prop | 505,578 | 650 | 1 |
| IOM Steam Packet | Tran | 5,000 | 10 | 1 |
| Legal & General | InsL | 70,000 | 339 | 1 * |
| MAI | OthF | 175,000 | 400 | 1 |
| Reckitt & Colemen | Hlth | 4,000 | 25 | 1 |
| RTZ | Mine | 50,760 | 357 | 1 * |
| Sears | Stor | 245,000 | 274 | 2 * |
| Sheffield Insulatn | BdMa | 1,200,000 | 2,760 | 2 * |
| Shoprite Group | FdRe | 50,000 | 89 | 1 |
| Ticketing Group | H&L | 40,000,000 | 800 | 1 |
| Trinity Intl | Med | 40,940 | 158 | 2 |
| Weir Group | EngG | 100,000 | 303 | 1 |
| **PURCHASES** | | | | |
| Banks (Sidney) | FdM | 5,000 | 11 | 1 |
| Barr&Wallace Arnold | H&L | 5,000 | 26 | 2 |
| Bostrom | Motr | 800 | 13 | 2 |
| Cresta Care | H&H | 250,000 | 90 | 1 |
| Crown Eyeglass | USM | 12,000 | 17 | 3 |
| Drummond Group | Text | 36,940 | 35 | 1 |
| Gibbs Mew | Brew | 55,000 | 181 | 1 |
| Global Group | Oil | 100,000 | 16 | 1 |
| Invesco | OthF | 25,000 | 45 | 1 |
| JIB | InsB | 6,887 | 12 | 2 |
| OMI International | Othl | 41,546 | 13 | 2 |
| Radius | Elns | 250,000 | 85 | 1 |
| TLS Range | Motr | 50,000 | 14 | 1 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27 Sept - 1st Oct1993.
*Source: Directus Ltd, The Inside Track, Edinburgh*

## Directors' transactions

THE MARKET has inched its way up again and some directors have been tempted to take profits. Michael Slade, managing director of property group Helical Bar, sold 245,000 ordinary shares at 250p and a further 260,000 of the convertible preference at 91p. Helical Bar has been beset by a high level of debt, but substantial sales have been made and borrowing reduced. The market has already begun to discount this, with the shares outperforming by at least 250 per cent over the past 12 months.

□ William Adsetts, chairman of Sheffield Insulations, and his managing director, William Forrester, have sold a significant lump of shares. Adsetts disposed of 1.15m at 230p, which leaves him with a holding of over 4m. Forrester, on the other hand, exercised an option on 50,000 and sold the lot, again at 230p.

This building materials group has shown a big increase in profitability. Recent interim results showed earnings doubled at 5.5p. Improved profitability was largely discounted by the shares, which have outperformed during the year.

■ Charles Greigson, director of money broking group MAI, has sold 175,000 shares at 228p.

**Colin Rogers,**
**The Inside Track**

FINANCE AND THE FAMILY

Diary of a Private Investor

# Why directors bear watching

***Kevin Goldstein-Jackson** explains the importance of a company's board*

*"THE BOARD meetings used to start at 3 pm and sometimes went on until almost midnight. The managing director did not believe in capital expenditure. He did not understand the need for the latest machinery: he thought efficiency meant counting the paper clips and sacking staff.*

*"There was no way I could reach the main board. My division was propping up the rest of the company – but the boardroom was reserved for friends and relatives of the chairman."*

MORE THAN a decade ago, I heard comments like these when I was interviewing applicants for the positions of company secretary and financial director of a public quoted company of which I was the founder. It occurred to me then that the business with the greatest ability to acquire insider information was not banking or stockbroking but executive recruitment.

Many applicants for a highly-paid position will tell their prospective employer almost anything he wants to know: it will not all be sour grapes and moans. Some people explained to me how their employer was proposing to launch a new product, or had plans to expand by takeover into new areas of activity.

I even heard boasts about how "wizard wheezes" were devised to keep a certain amount of debt off the balance sheet of their companies, and how auditors had been persuaded to agree that stocks should be valued at rather more than they were really worth. (But I hasten to add that the successful applicants for the positions in my company did not reveal anything untoward about their previous employers).

I learnt a lot about human nature and the interaction between various members of company boards. I did not act on any of the inside information – except to steer clear of investing in any of the companies about which I heard believable "horror" tales. But it impressed upon me the importance of a company's board.

Before investing in a company, I always try to find out something about its directors. Bitter experience has shown that following the "great and the good" is no way to investment success. Just because there is a lord on the board does not necessarily mean the company will do well. Perhaps the "names" are there as window dressing to distract attention from some of the things going on behind the scenes – or to impress gullible bankers into granting the company yet more loans. The same is true for boards stuffed with accountants: their companies may well produce a lacklustre performance, and some have even gone into receivership.

I am a regular reader of the "People" column in the *FT*. It surprises me how easy it appears to be for some finance directors of poorly-performing companies to move to similar positions elsewhere. But managing directors of ailing companies rarely seem to do this – they seem to be saddled with the entire blame for their company's performance. Yet, surely the finance directors are partly to blame, too?

Sometimes, these moves can be a signal to buy or sell shares. If the finance director is bailing out, does this indicate that a company's financial situation might deteriorate still further? Or will it be refreshed by new blood? What influence might such a finance director have on his new employer? Should the shares be treated with more caution?

There are times when the appointment of new directors can point to an otherwise unexpected direction for the company. Perhaps the director has been recruited with expertise in a specific area of activity in which the company is not yet involved. Is this a prelude to the company making a takeover bid in that area? If so, it might be worth investigating possible bid targets to assess their investment potential.

What is the track record of the director being appointed? Is he likely to improve the performance of the company – or is he there mainly to make it more likely that the company's remuneration committee approves a huge salary for the chief executive?

I am against non-executive chairmen receiving large salaries, particularly if they have various other commitments and devote only one or two days a month to the company. One unjustifiably large salary invariably leads to other people being overpaid.

Before investing in the company, I also look at its annual report to see how many of the directors have shares in it. I like to see even the non-executives having a modest holding, especially if these are shares which were acquired on similar terms to ordinary shareholders and not as a result of over-generous option schemes.

Share dealings by directors also interest me. I am particularly concerned when they sell large parts of their holdings in a company: do they fear it is about to hit hard times?

Share purchases by directors are more problematical. Sometimes, these deals will have had a lot of publicity and people may be led to believe the company concerned has good prospects. But perhaps the director concerned had sold a lot of his shares earlier at a hefty profit and is just buying some back at a lower price.

The BRI Director Dealings unit trust, launched on October 1, specialises in monitoring share dealings by directors of public companies. Most firms of stockbrokers and other financial advisers have details of this trust, which is being marketed mainly via financial intermediarites. Its list of major shareholdings could eventually become a very useful check on companies in which directors have affirmed their faith by backing them with their own money.

# Rates cut at Lloyd's

LLOYD'S of London is cutting its premium rates for life insurance by up to 14 per cent, to help it compete with other life insurers. The largest reductions are in Keyman cover, where companies insure top employees or directors to protect against financial loss if they die. The average reduction for standard life premiums is 5 per cent.

The nine syndicates which make up Lloyd's life insurance market offer only term insurance, rather than the whole of life policies also offered by other insurance companies. The maximum term is 10 years, but individuals can be insured for as short a period as one day.

Lloyd's has specialised traditionally in arranging flexible cover for unusual risks which most insurers would not consider. Anyone planning to join a relief convoy to Bosnia next week would not be welcomed by most of the big-name life insurance companies,, but Lloyd's is used to accepting that kind of risk – although standard premiums would, of course, be raised.

The short-term cover can also be useful if the increased risk is for a limited period: say, a three-week trip to a war zone or a day's parachuting for charity. Cover can be arranged through traditional Lloyd's brokers or through other insurance brokers or financial intermediaries.

As an example of the reduced rates, a non-smoking man aged 45 next birthday, and wanting a sum assured of £250,000 over five years, would pay an annual premium of £562.50 rather than the previous £642.50.

Women are now rated as if they were five years younger than men, rather than four as previously.

***Bethan Hutton***

## HIGHEST RATES FOR YOUR MONEY

| | Account | Telephone | Notice/ term | Minimum deposit | Rate % | Int. paid |
|---|---|---|---|---|---|---|
| **INSTANT ACCESS A/cs** | | | | | | |
| Birmingham Midshires BS | First Class | 0902 645700 | Postal | £500 | 6.40% | Yly |
| Britannia BS | Capital Trust | 0538 391741 | Postal | £2,000 | 6.70% | Yly |
| Birmingham Midshires BS | First Class | 0902 645700 | Postal | £10,000 | 6.85% | Yly |
| Bristol & West BS | Balmoral | 0800 100117 | Postal | £25,000 | 7.15% | Yly |
| **NOTICE A/cs and BONDS** | | | | | | |
| Northern Rock BS | Ninety Day | 091 285 7191 | 90 Day | £5,000 | 6.75%A | Yly |
| City & Metropolitan BS | Super 60 | 081 464 0814 | 60 day | £10,000 | 7.35% | Yly |
| Scarborough BS | Scarb'gh Ninety 3 | 0723 368155 | 90 Day | £25,000 | 7.65% | Yly |
| Chelsea BS | Base Rate Plus | 0800 272505 | 2.1.95 | £5,000 | 8.00%B | Yly |
| **MONTHLY INTEREST** | | | | | | |
| Birmingham Midshires BS | First Class | 0902 645700 | Postal | £500 | 5.94% | Mly |
| Britannia BS | Capital Trust | 0538 391741 | Postal | £5,000 | 6.45% | Mly |
| Bristol & West BS | Balmoral Monthly | 0800 100117 | 30 day | £25,000 | 7.55% | Mly |
| Chelsea BS | Base Rate Plus | 0800 272505 | 2.1.95 | £5,000 | 7.73%B | Mly |
| **TESSAs (Tax Free)** | | | | | | |
| Hinckley & Rugby BS | | 0455 251234 | 5 Year | £25 | 8.05% | Yly |
| Dunfermline BS | | 0383 721621 | 5 Year | £3,000 | 8.00% | Yly |
| National Counties BS | | 0372 739702 | 5 Year | £3,000 | 7.90% | Yly |
| Dudley BS | | 0384 231414 | 5 Year | £10 | 7.87% | Yly |
| **HIGH INTEREST CHEQUE A/cs (Gross)** | | | | | | |
| Caledonian Bank | HICA | 031 556 8235 | Instant | £1 | 5.50% | Yly |
| Chelsea BS | Classic Postal | 0800 717516 | Instant | £2,500 | 5.85% | Yly |
| | | | | £25,000 | 6.85% | Yly |
| Northern Rock | Current | 0800 591500 | Instant | £50,000 | 6.93% | Mly |
| **OFFSHORE ACCOUNTS (Gross)** | | | | | | |
| Woolwich Guernsey BS | Woolwich Intl | 0481 715735 | Instant | £500 | 6.25% | Yly |
| Confederation Bank Jersey | Flexible Investm | 0534 608060 | 60 Day | £10,000 | 6.75% | ½Yly |
| Derbyshire (IOM) Ltd | 90 Day Notice | 0624 683432 | 90 Day | £50,000 | 7.30% | Yly |
| Yorkshire Guernsey Ltd | Key Term | 0481 710150 | 31.8.94 | £5,000 | 6.70%E | Yly |
| **GUARANTEED INCOME BONDS (Net)** | | | | | | |
| Prosperity Life FN | | 0800 521546 | 1 Year | £15,000 | 4.70% | Yly |
| Prosperity Life FN | | 0800 521546 | 2 Year | £25,000 | 5.20% | Yly |
| Prosperity Life FN | | 0800 521546 | 3 Year | £25,000 | 5.70% | Yly |
| Consolidated Life FN | | 081 940 8343 | 4 Year | £2,000 | 6.00% | Yly |
| Consolidated Life FN | | 081 940 8343 | 5 Year | £2,000 | 6.00% | Yly |
| **NATIONAL SAVINGS A/Cs & BONDS (Gross)** | | | | | | |
| | Investment A/C | | 1 Month | £20 | 6.25%G | Yly |
| | Income Bonds | | 3 Month | £2,000 | 7.00%H | Mly |
| | Capital Bonds G | | 5 Year | £100 | 7.75%F | OM |
| | First Option Bond | | 12 Month | £1,000 | 6.34%I | Yly |
| **NAT SAVINGS CERTIFICATES (Tax Free)** | | | | | | |
| | 40th Issue | | 5 Year | £100 | 5.75%F | OM |
| | 6th Index Linked | | 5 Year | £100 | 3.25%F +Infln | OM |
| | Childrens Bond E | | 5 Year | £25 | 7.85%F | OM |

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate.
A = 0.5% bonus if no withdrawals per annum.
B = Rate guaranteed to be at least 2% above base rate (Min 8%)
until 2.1.94 and then 1% above base until maturity.
E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over. I = 6.74% on balances of £20,000 and over. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

FINANCE AND THE FAMILY

# The pitfalls in tax planning

*Care is needed if you are to avoid breaching the Revenue's rules, says* ***Caroline Garnham***

MOST PEOPLE would prefer to pay less tax, whether it be on income, capital gains tax or inheritance. But non-declaration is not the solution. This is tax evasion and, if discovered, could result in an assessment for the tax, interest and penalties – or even prison.

There are exemptions for each form of tax. For example, personal allowances can be set off against income tax; gains on gifts of private company shares can be deferred; and there is total relief from inheritance tax for agricultural property.

You might think that if you could plan your financial affairs to take advantage of these exemptions, you would have to pay less tax. The answer is – yes, provided you do not try to push the exemptions to extremes.

Late in the 1970s, when tax rates went as high as 98 per cent, avoidance was big business. Tax planners became ever more ingenious with every success, with the result that even complex tax avoidance schemes could be bought "off the peg."

Very often, these involved several steps which had little or no commercial purpose other than to avoid tax, and the taxpayer often had no idea of the legal effect of various steps involved. A series of cases – most notably, Ramsay in 1982 – put a stop to these schemes.

In the Ramsay case, the House of Lords decided that the Inland Revenue could treat a tax avoidance scheme involving several steps as a single composite transaction. By ignoring the steps taken in the middle designed to make use of exemptions, the scheme became taxable.

As a result, schemes stopped being sold, tax avoidance became a dirty word, and a number of cases were brought to the courts to test the parameters of what became known as the Ramsay principle. It was quickly agreed that the Ramsay principle did not apply to simple tax planning involving only one step.

If, for example, you were thinking of providing for your daughter out of your share portfolio while you went to work in Hong Kong, you would be well advised to give her the shares after you had become non-UK resident. Capital gains tax is not payable by non-UK residents (unless there is a specific anti-avoidance provision which specifies to the contrary).

What about more complex tax planning making use of several steps? To what extent does the Ramsay principle curtail our freedom to re-arrange our financial affairs to mitigate tax?

To give an example of more complex tax planning: there is a relief from CGT for gifts of private company shares, although this is not available if your gift is to a non-UK resident. The residence of a company is defined by where it is managed and controlled, regardless of where the shares are registered.

This means that gifts of private company shares to companies incorporated abroad, but managed and controlled in the UK, will still attract relief.

A UK resident who is not domiciled in the UK pays CGT or IHT only on UK assets and not on his global assets (so long as the gains are not brought into the UK). Shares are UK assets or non-UK assets, depending on where the company is registered.

If, therefore, you have a successful business in the UK which you own through a private company, and you wish to give or sell the shares without CGT or IHT consequences, you could (if you are UK-resident but domiciled elsewhere) first set up a Jersey-registered company managed and controlled by you in the UK. Second, you give your UK shares to your Jersey company and, third, you give or sell your Jersey company shares to someone else.

Is this last step free of IHT and CGT consequences, or does the Ramsay principle apply? In short, if you could be sure at the time you took step one that step three would be taken, the answer is that Ramsay would apply and that tax would be payable but, if not, then it would not.

For example, if at the time you did the above scheme, you had not identified a purchaser (or, if identified, the buyer was not committed to buying the shares), then the Ramsay principle would probably not apply and tax would not be payable.

This principle was applied most recently to inheritance tax in the case of Countess Fitzwilliam v. Inland Revenue. This involved a tailor-made scheme designed to avoid capital transfer tax (the predecessor to IHT) payable on the death of Earl Fitzwilliam.

It made use of two exemptions (the reverter to settlor provisions and the mutual transfer provisions) and involved complex strategic tax planning by Countess Fitzwilliam and Lady Hastings, her daughter.

The important point in this case was that although the scheme was tailor-made for Countess Fitzwilliam, Lady Hastings had been advised separately and understood precisely what was involved in each step.

In his judgment, Lord Keith said the Revenue could not pick and choose from a scheme the bits it liked or did not like, and refuse to apply tax exemptions just because it was a "pre-planned tax avoidance scheme".

UK tax legislation is among the most sophisticated in the world, with many and clever anti-avoidance provisions, traps and pitfalls. The problem with devising a scheme is that by escaping one tax, you could fall foul of another.

This does not mean that strategic tax planning is impossible; far from it. However, it is not advisable unless you can afford good advice, are prepared to take time to understand the details of how and why tax can be avoided, and appreciate fully the risks you are taking.

■ *Caroline Garnham is a tax and trust specialist with the City legal firm of Simmons & Simmons*

# Chased by the Revenue

Q&A

BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.*

**ON THE death of my parents in 1987, the small family company was put into liquidation. The Inland Revenue has requested the final accounts, as it knows there were substantial funds in the kitty which have not shown up on my tax returns. The liquidators have been contacted many times, with no positive results.**

**With the Revenue breathing quite heavily down my neck, I was wondering if there is an organisation which would stir the chartered accountants out of their apparent apathy.**

■ If you believe the advisers are acting too slowly, you might wish to contact the Institute of Chartered Accountants, Chartered Accountants' Hall, Moorgate Place, London, EC2P 2BS, setting out the facts and asking for advice on how to proceed. We assume you have informed the Inland Revenue of the situation?

*This reply was provided by Barry Stillerman of accountant Stoy Hayward.*

## Setting up a will trust

**I WOULD like your opinion about setting up a will discretionary trust into which the first spouse to die puts his/her £150,000 allowance, with the trustees ensuring that the surviving spouse has the use of the interest and capital. Presumably, the surviving spouse could not be one of the trustees.**

**What do you think of the scheme, and does the Inland Revenue approve? All our investments are held jointly, but I am told they need to be divided before a trust is formed.**

■ We assume that your intention in setting up a discretionary trust such as you describe is to utilise your £150,000 nil rate band in the most tax-efficient manner while, at the same time, retaining an element of flexibility as to whom you wish to benefit.

Provided that you have divided your assets (a preliminary step which, I am afraid, is necessary) it would be possible to set up a trust under your will and you could settle £150,000. We assume that the remaining part of your estate is to be transferred to your wife.

In setting up a trust, your wife could be nominated as a beneficiary and you could leave a letter of wishes with the trustees, directing them to exercise their discretion in making payments to her from time to time. But she would have no legal entitlement to such payments.

Obviously, in such a case, your wife's position would be somewhat precarious; and if her livelihood depended upon inheriting your share of the jointly-owned assets, then the discretionary trust is not a device which would suit you.

If you wish your wife to have a legal entitlement in the trust, then the creation of a life interest in her favour is necessary. This, however, would negate the tax planning achieved by setting up a discretionary trust in the first place.

This is because the trust funds in which the life interest subsists would be regarded as forming part of her estate on her death (which result would have occurred, anyway, if your assets were still owned jointly).

*Reply by Barry Stillerman.*

## Transferring shares

**I WISH TO transfer some shares to relatives. Am I able to do this simply by completing a stock transfer form and sending it to the registrar (the shares are in plcs quoted on the London Stock Exchange). Is stamp duty to be paid and, if so, how?**

**Do I have to go to a stamp office? How is the transfer altered if the transaction is not at market value?**

■ If the shares are being transferred by way of gift, you merely have to complete the stamp-duty exemption certificate on the back of each transfer form (as well as completing the front of the form, of course) and then hand it and the share certificate over to your relative so that he/she can send them to the registrar. If the transfer is not by way of a gift, stamp duty is payable at one-half per cent, in units of 50p. Stamping can be arranged through the Post Office, if need be.

## Unwanted benefit

**I HAVE received a tax assessment requesting back payment of £244 for 1990/92. This is for benefit in kind, which I now understand to be membership of a private medical insurer supplied free to employees by my former employer.**

**I was never given the opportunity to decline this benefit. Being healthy, I never required the service. Could you could advise me if this tax assessment is correct?**

■ Yes; unfortunately the fact that a benefit provided by an employer is unwanted by, and useless to, an employee does not relieve the employee of the obligation to pay the amount of tax laid down by parliament in respect of that particular type of benefit.

Ask your tax office for the free explanatory pamphlet 480 (Guide to expenses payments and benefits for directors and certain employees).

## Double tax on back pay

**I WORK FOR a regional health board and recently won an appeal to have my pay grade raised from grade G to grade H. The appeal took five years to resolve. In consequence, I received back money for the whole time in a single lump sum.**

**Because of this single payment, I have estimated that my total gross earnings for the tax year ending March 31 1994 will be well over the 40 per cent tax band.**

**This is a ridiculous state of affairs which is going to cost me over £1,000 in extra tax. If the money had been paid in the year in which it was earned, I would never have approached the higher tax band.**

**This seems to be unfair to me. Surprisingly, the tax office also thinks it is unfair but says its hands are tied and can do nothing about it. Is there any way I can avoid paying this extra tax?**

■ Under the penal provisions of section 38 of the Finance Act 1989, the back pay for the period up to April 5 1989 is taxable twice: both for the tax year (ended April 5) in which it was earned and for the tax year in which it was actually paid.

So, the combined tax rate could be 65 per cent (25 per cent for 1988-89 plus 40 per cent for 1993-94) plus national insurance.

We suggest you write to your MP, inviting him/her to ask the chancellor to amend section 38 of the 1989 act so as to give some relief from the full double taxation of back pay which his predecessor decided upon (with the approval of the House of Commons) 4½ years ago.

You should also write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, WC2R 1LB, for SP1/92 (Directors' and employees' emoluments: extension of time limits for relief on transition to receipts basis of assessment), although we are sorry to say it might depress you.

A man and his tiger: Paul Draper in his taxidermy showroom in his house in Reading

# Trophies of a dying art

*Clive Fewins meets a taxidermist who keeps his stock in the freezers of his friends*

PAUL Draper will never forget the day he collected the carcass of an 8 cwt two-year-old male tiger from the owners of a large circus. He had ample help to lead the body on to his pick-up truck at the circus headquarters, but when he arrived back at his workshop he had great problems finding people to help with the unloading.

The process that followed was rapid and rather unsavoury, but the beast now has a new role – mounted in a glass cabinet in the showroom at his home near Reading where he displays his taxidermy. The price is £3,000. As he paid only £250 for the carcass some people might consider taxidermy a lucrative business. But Draper points out that it is two years since he bought the tiger and it is still unsold. Further, about 160 hours of work went into mounting it and the glass case alone cost some £500.

The tiger, together with a panther at £3,500, exotic birds, an anteater, a sloth's head, as well as the more common foxes, badgers, stoats and the odd kestrel and buzzard, forms the basis of the bizarre stock of mounted creatures in Draper's showroom.

The stock is valued at £25,000 and is the main reason for the £1,500 a year insurance bill that is the principal outgoing of Draper's one-man business. Keeping a stock valued at £25,000 when the total turnover is unlikely to exceed £30,000 this year might not, on the face of it, seem a good basis for business. But that is not the whole story.

In a dozen freezers in the garages of friends in and around Reading, Draper keeps some 150 or so other dead animals and animal skins. Any of them can be converted into fully mounted animals within a few weeks, and it is his ability to respond to demand in this way that is the mainstay of Animal Instincts.

Draper has built up this macabre collection in the 10 years he has been a taxidermist. Over that time he has learned which animals sell and which are best left on ice until a specific request comes up.

"The reason for my large stock of mounted animals is that I need it as the basis of shows and as a permanent exhibit in my home to show people the quality of my work," said Draper, 37. "Two years ago when I gave up the shop in Reading that I had run for eight years I was carrying a stock of mounted animals worth £40,000.

"I managed to reduce that by selling off stock worth £30,000 to a film hire company, but it has gradually built up again."

A high street presence played a vital role in building up the business. Over the years the sales often barely covered the £10,000 a year rent. But the exercise was still worthwhile as Draper, who is a goldsmith by trade, also used the premises as the headquarters of the jewellery repair service he was operating as a parallel enterprise.

"I very much doubt if I would be as prosperous as I am now if I had not run the shop for eight years," Draper said.

In the same way he has had a stand at the annual Newbury show for the past five years, but it was only this September's event that made a good profit – £1,600 worth of sales over the two days, and lots of follow-up callers to his showroom. Two years ago he gave up the shop and sold the jewellery repair business. He invested the proceeds of the sale in converting the roof space of his Edwardian house into a showroom.

"It was a wise move," Draper said. "I am in an excellent position here, two minutes from junction 11 of the M4 and on the edge of the countryside. People are happy to drive here to view the stock. It saves me an awful lot of driving.

"Although it was necessary for a few years the shop was a treadmill. At times the rent was approaching half my turnover and there was constant pressure to sell at any price just to make money to pay the bills. I was working all hours, whereas nowadays I can choose. If there is a rush on I do not mind working until one or two in the morning, but if I choose not to and to earn less, I can do so."

Experience has made Draper far more choosy over the animals he goes out to collect. "I am contracted to collect everything from the zoos and aviaries with which I have an arrangement. But nowadays I go out less frequently to collect animals offered to me by individuals," he said. "Overall only 20 to 30 per cent of all the carcasses I collect are usable. The rest have to be disposed of in a farm incinerator."

Draper said none of his specimens are killed for the purposes of taxidermy, though many of the carcasses that come to him have been killed for sport, while others such as foxes, stoats and weasels have been killed for vermin control. But who nowadays wants to buy stuffed animals?

"If they are really keen people rarely stick to one animal but generally try to build up small collections. Like me they tend to be people who are interested in animals and appreciate them for their beauty," Draper said. "There is also an ever-increasing market from the theatre, film studios, photographic and advertising agencies and the hire business.

"If I wanted to make a lot more money I would concentrate on that side of the business and also on making models and mock-ups. There is a high demand for these, but I find that sort of work less satisfying. The customers are generally less interested in quality than price. That sort of work gets away from the art of taxidermy, which that is what I really enjoy – plus the beauty of the end product.

"It is however – literally – a dying trade. This is because there is more and more control of the keeping of live animals, and on what you are allowed to do with them when they die.

"Because demand is steadily dropping and the work is so labour-intensive I never expect to be rich. But I reckon I make 60 per cent profit on turnover, and some aspects of the business, like repair work, which I enjoy, can be very profitable. "If I were hell-bent on expanding fast the easy way I would be tempted to buy carcasses that had been killed illegally. But I am absolutely against this. Besides, I do not think there is a lot of money in it.

"For similar reasons I rarely pay for carcasses. It might encourage people to go out an kill deliberately in order to sell to me." Draper says another reason why taxidermy is on the decline is that there is virtually no formal training.

"Most museum departments have closed down and I do not know of any technical colleges offering courses in taxidermy," he said. "Nearly all practitioners, like me, work on their own. Colleagues fear, as I do, that with so little training available standards will gradually get more and more amateurish.

"When people see animals mounted as though they have got coathangers stuck up their backs they will gradually cease to collect.

"Sadly, taxidermists are themselves becoming an endangered species."

■ *Animal Instincts, 80, Hollow Lane, Shinfield, Reading RG4 9BT. 0734-883660.*

Computing

# Software to ask hard questions

*Robin Brooker looks at a problem-solving package*

A FRIEND called to see me the other week. He was down at heart. He was thinking of quitting his business – a business he had put a lot of work into over the last eight years.

His problem, the same one which faces many businesses during the recession, was a fall-off in sales and more recently, in spite of a great deal of effort on his part, even inquiries for his products were slowing down.

A new piece of business software called *Business Insight* had been delivered to me earlier that week and I needed to try it out with real data. Would my friend act as a guinea-pig? He agreed and we sat down together to run through the program.

*Business Insight* is a software package that has been available in the US for a year or so. The new Windows version has just found a distributor in the UK. It is a system for the strategic analysis of both manufacturing and service industries.

My friend's background is in sales and marketing. He was familiar with many of the ideas behind the questions. He had come across them over the years at various seminars and had read about them in the books of business gurus such as Drucker, Peters and Porter. But, he never asked those questions of his own business. Even if they were answered how could he interpret them: how could he rate the importance of each point?

As we ploughed through the question and answer routine, he saw where some of the questions were leading.

The program is not one you can complete in a few minutes. If you include time spent thinking about the answers the process of inputting the data takes several hours.

It requires answers to questions about the abilities of all those involved with your business from the financial director to the receptionist answering the customer service inquiries. It needs details of your competitors, their financial position and how likely they are to retaliate to your marketing efforts.

The result of all the data is a report developed after the program has carried out the analysis. It program assesses the data and produces a report. This is contains more than 70 pages of valuable information in plain English.

How is my friend doing now?

His greatest attribute is that he does not sit around waiting for something to happen. He read the report over that weekend and immediately instigated some of its recommendations. Only four weeks later he has several inquiries about his machines. He is demonstrating them to his potential customers this coming week.

We cannot be sure that my friend's upturn is a result of using the program – but it seems a little more than mere coincidence.

■ *Business Insight costs £399 plus VAT and carriage from CABC, PO Box 162, Newbury, Berkshire RG15 0AP. Telephone: 0635-255300 Fax: 0635-255148*

# Japan reinvents soccer

Continued from page 1

capacity of more than 40,000 if Japan is to host the 2002 World Cup. Lineker for one expects that year's World Cup final will be played in Tokyo.

The patient long-termism of Japanese companies will be crucial. With the heavy investment involved, it will take at least five years for the 120 companies backing the league to start making a profit.

Less certain is the commitment of Japan's new-found fans, the game's main asset. The risk is that the younger sisters of all the teenage girls going wild about Verdy will in years to come desert soccer for other crazes.

The J-League's organisers claim to have age on their side. The Ministry of Education has been promoting soccer in elementary schools for 20 years so most young Japanese – male and female – have played soccer at some point in their youth, only to give up the sport for lack of a developed adult game. The J-League is designed to provide them with a focus for an adult interest in soccer.

Japan's strategy is all part of its internationalisation. Sumo reinforces its sporting isolation, while baseball is a reflection of its special relationship with the US. Soccer is a way of Japan announcing it wants to be part of a wider international sporting community, just as its desire for a permanent seat on the United Nations' security council symbolises its wish to play a wider role in international politics.

Those wider political responsibilities will bring risks that Japan is ill-prepared to shoulder: putting its troops in places where they could be killed, for one. Japan's international soccer ambitions could also create confrontations for which it is not ready.

When the day comes, later this decade, for England to play Japan in Tokyo, what will the adolescent Japanese choir make of it when its polite chorus of "Nippon, Nippon" is met by a rousing English war cry from the throats of thousands of fans bred in Chelsea's Shed, Arsenal's North Bank and Millwall's Den?

Britain should once again be ready to learn from Japan. Not about making cars or video recorders but, this time, about soccer and its culture.

# Big girls really can have more fun

***Sally Bain** reports on a new focus on the fuller figure*

A NEW fashion shop will open on the high streets of towns and cities in the UK this month. Each store will be called Ann Harvey, with a smart cream and gold fascia and stylish window displays. Only closer inspection of the clothes and the swing tickets will reveal that the shop specialises in outsizes – specifically sizes 16 to 26.

Ann Harvey has been born out of the Alexon Group and, over the next 12 months, aims to grow to be a 60-strong chain. It is a deliberate decision not to herald the fact that Ann Harvey is for larger women.

"We want to create a stigma-free shopping environment from day one," says Mike Spencer, marketing director. "We are a new fashion brand first and foremost, and, by the way, we cater for large sizes. With the fashion trend for fluid garments, there is no reason why size 12 and 14 women shouldn't shop with us as well."

Chic daywear from Theo Miles photographed on standard size model because the same clothes are available in standard sizes and all the way up to size 26. Leggings, £77, (very often large ladies have marvellous legs and leggings are a surprisingly versatile staple) sweater, £86, sweater slung round shoulder, £82

Ann Harvey clothes are middle market and are aimed at the 25- to 50-year-olds, with a core target of 30- to 45-year-olds. The range is similar in styling and price to the fashion collections in stores such as Next, Principles or Wallis.

The fabrics are good quality – silk jersey separates, silk and linen knitwear, Japanese polyester/viscose suitings, moss and satin-backed crêpe fit-and-flare dresses featuring abalone buttons. Evening wear is strong, ranging from a sexy short velvet number to a sophisticated tuxedo dress and a variety of chiffon separates.

"Quality of fabric and detailing is very important in this collection," says fashion director Lesley Thomson, "as so often quality is sacrificed for price, almost as if there were a stigma attached to being large." That there is a stigma at all is because society purveys the message that thin is good.

Audrey Winkler, editor of *Pretty Big* magazine, says she is impressed with the quality of the Ann Harvey range. There is a great need for something like a Next for larger women, she says: clothes that are smart, fashionable and middle priced. "Large women are women first and large second, they are no different to anyone else and they want more choice in fashion."

And there are a lot of them. For any fashion retailer addressing the larger woman, the most difficult problem to overcome is her frequent lack of confidence. Even now, when many are having the courage to take a symbolic axe to the bathroom scales (98 per cent of diets fail anyway), a great many continue to put their lives on hold, waiting for the day when they too will be thin.

Tessa Bosworth, buyer for the Plus Collections in Harrods, who is herself a large size, says the larger woman needs to be reassured and encouraged to try on the clothes, because often even expensive designs have little hanger appeal.

With that in mind the Plus department in Harrods in London has been extended and refurbished and this autumn will carry the new American Theo Miles Plus collection. Laura Pomerantz, executive vice-president, says that the Plus range is virtually identical to the Theo Miles standard size range (which will be stocked in department stores around the UK). But it is specially cut for the size 18 to 26 woman "who I find is more fashion driven than other customers, and has only been limited by selection. Just because she is fully figured doesn't mean that she doesn't want tailored jackets and trousers: they will look good on her in the right proportions and colours."

As far as confidence is concerned, a lot has to do with the name. Evans, up to now the only national retail chain catering for large sizes, jettisoned the "Outsize" part of its name more than ten years ago, replacing it with "Collection".

Yet Evans is still dogged by the ghost. The Evans range has much improved; there are ongoing shop refurbishments and image-enhancing advertorials have appeared in quality magazines. Yet some customers still insist on turning the carrier bags inside out rather than venturing on to the high street carrying the Evans name.

Janice Bhend, editor of *Yes!*, a new consumer magazine for large women, believes that Evans will never lose the old image unless the name is changed. She suggests that Profiles – a sub-brand within the store – would be a good substitute.

Hennes takes a subtle approach with its larger sized range – Big Is Beautiful (BiB) – which was launched in the UK in spring last year. The department is not even listed on the store directory board at the entrance to the shops.

The BiB range is wonderful for casualwear, from jeans and leggings to chunky knitwear, separates and some soft suits. It is also very well made – which is just as well, as the prices are considerably higher than Hennes' main line: £69.95 for a jacket compared with an average of £39.95. Psychology also comes into it: size 16 is a small, 18 is medium, 20/22 large and 24/26 extra large.

For women who prefer to shop at home – or who cannot face the high street – there have, until recently, only been the traditional mail order catalogues offering a limited and hardly high-fashion selection. Now there is Elegance, an up-market mail-order catalogue from Germany which also has a shop in Grafton Street, London W1. The collection includes fabulous tailoring and quality casualwear; sizes start at 8 and go up to 22. The company is planning a fashion show in September with models of size 10 and size 20 to prove the clothes look equally good on both.

The visual presentation of large-sized clothes is a sensitive issue. Jacques Vert was criticised last year when it launched its Plus collection photographed on Rachel Hunter (Mrs Rod Stewart). Susie Orbach, author of *Fat is a Feminist Issue*, was quoted at the time as saying: "They are perpetrating the very aesthetic they are ostensibly fighting against – that there is only one form of beauty." Yet mail-order company GUS says it tried photographing its Fashion Extra catalogue on large models some years back, and sales plummeted: now the models are back to being size 12 and sales have risen. Catch 22?

Slowly, there is beginning to be more choice in fashion for large women, and for this one can probably thank the recession, as retailers look to tap every market in order to boost sales.

River Island is launching an XL collection, Wallis is introducing a size 18 (which will probably fit a size 20), and the Sears women's wear division – which encompasses Wallis, Warehouse, Richards and Miss Selfridge – is rumoured to be planning an outsize retail chain.

■ Information: Ann Harvey will open in 21 locations between October and November this year. These are: Birmingham, Bolton, Brighton, Bristol, Bromley, Canterbury, Cardiff, Chester, Crawley, Hemel Hempstead, Ilford, Leeds, Manchester, Meadowhall, Milton Keynes, Nottingham, Staines, Thurrock, Tunbridge Wells, Watford and York.

The Theo Miles Plus collection will be available in Harrods and Selfridges in London from September. The standard size Theo Miles range will also be available in these stores as well as John Lewis, Dickins and Jones, Barkers of Kensington, Bentalls of Kingston, Dingles of Plymouth, Rackhams of Birmingham, McKilroys of Swindon, Hourstons of Ayr, Hanningtons in Brighton, Owen Owen in Ipswich, Coventry, Slough and Ilford, Lewis's of Leeds and Liverpool, Arnotts in Dublin, Beatties in Wolverhampton, Clements in Watford, Nasons in Canterbury, Bentalls in Bracknell and Thurrock. The Theo Miles Petite collection is available from David Morgan in Cardiff.

Elegance is available from the shop at 14a Grafton Street London W1 (off Bond Street) or by mail order catalogue: tel: 0272-244747 or fax: 0272-245920.

The Big is Beautiful collection is available at the following Hennes stores: Oxford Circus, Regent Street, Marble Arch, High Street Kensington, the Whitgift Centre, Croydon. Further information on 071-323-2211.

*Pretty Big* magazine is available on subscription only. Telephone 0629 834949.

Harrods is happy to discuss by telephone the collections it has in stock with out-of-town customers, and will send garments by post. Call 071-730 1234 and ask for the Plus Collections department.

From Hennes' Big is Beautiful collection – skirt, £24.99, blouse, £19.99 and cardigan, £39.99

Also from Ann Harvey and also photographed on a size 16 model – flame red softly tied jacket (£59.99) and matching palazzo trousers (£39.99.) Available in sizes 16 - 26

Glamour for evening photographed on a size 16 model – this autumn's essential white ruffle front blouse, £44.99, a black silk chiffon vest, £29.99 and black crêpe palazzo trouser, £39.99. From Ann Harvey shops, available in sizes 16 - 26

# A small degree of formality

***Nigel Spivey** checks out the sartorial students in the class of '93*

STUDENTS IN the class of '93 are smarter than their predecessors. That is broadly the consensus from High Table, though it requires immediate qualification.

Senior dons can remember beyond the sartorially-disastrous 1960s to an age when the suit and tie were not hallmarks of the prig or the fogey but normal student uniform. Cambridge town had a rich weave of gentlemen's outfitters, whose very names evoked a certain style. One can readily imagine what sort of clothes would come out of a shop called Bodger's. But Bodger's is gone, and so too the concept of the "young gentleman". Elderly dons may bemoan the loss, but townsfolk tend not to regret the passing of all the associated snobbery.

Certainly today's undergraduates are better presented than they were in my time. Then it was not unusual for characters to slouch into a lecture-room wearing only a black plastic binliner (and a torn binliner at that). It was the eve of Margaret Thatcher's first election victory: and punk flourished in all its reckless plumage.

A decade and a half of Conservatism has dampened the spirit of adventure, though some residual traces of punk survive. I have a soft spot for a tiny tribe called the Goths, who specialise in entirely black garments and cascades of pewter jewellery worn over shockingly pallid skin.

Then there is Grunge: a sort of gaudy drabness, if that makes sense, which is favoured by what little remains of the student activist movement. It features clumpy, cushion-soled footwear, vaguely ethnic skirts and drapes, and beaded neo-hippy hairstyles. At its best Grunge seems like a glorious plundering of a dressing-up box; at its worst, the wearer looks the sort who probably ought to be arrested on sight.

Categorisation of degree choices by external appearance is still possible. The Heavy Metal or Tolkien T-shirt worn over chronically-hunched shoulders invariably indicates the male computer scientist. And the fragrant assemblage of boots, jodhpurs, hacking jacket and Florentine silk scarf can only belong to a female art historian.

However, the prevalent style is easily described by those dons who have visited American Ivy League universities: "Preppy", a generally sporty look which simply requires loafers or deck-shoes at the base, designer jeans in the middle, and something loose fitting on top.

Oh, and a suntan. Simple, and studiously casual, but not cheap, as anyone who has ventured to gain a suntan or buy a pair of Timberlands will know.

Preppy is not a look that can be cobbled together from the Oxfam charity shops. But it is significant that Oxfam shops in many university towns now specialise in selling almost pristine formal evening wear. The generation of the 1950s which bequeathed its ball gowns and dinner jackets to Oxfam must be gratified to see their adoption by Thatcher's protegés. Smart casual may be the order of the day, but smart formal has made a remarkable return for the night. Bodger's may have gone, but blue-blooded elegance is not dead.

Margaret Kennedy

# Be bold: commission a gem of the future

*The nicest jewellery is hand-made and unique to you, says* **Lucia van der Post**

BRITAIN seems to have been so busy in the last few years looking backwards, indulging in a collective nostalgia for things past, that many of our most talented contemporary designers must sometimes despair. Where, they must wonder, are the Medicis, the Rockefellers, the Esterhazys of our day? People who love and nurture the work of artists, who commit themselves to a raw new talent, encourage it, support it and give it the environment in which to flourish?

There are some new sources of patronage, of course – the great city corporations, companies such as De Beers which has done an enormous amount to encourage a range of fine modern jewellers, silversmiths, enamellers, the livery companies and a few rich and enlightened private clients – but on the whole life is tough for the artists and craftsmen of our day.

Those who love jewellery, who have an anniversary, a special birthday or celebration on the way, might like to look at the work of some of our modern jewellers. Instead of haunting auction rooms or antique shops, take a wander round some of the galleries in the UK which do their best to support new artists.

In London you would do well to make time to see an exhibition at the Lesley Craze Gallery, 34, Clerkenwell Green, London EC1R ODU. In this unfashionable part of London Lesley Craze, once an actress, has for years been supporting the work of young jewellers.

For her latest exhibition – Today's Jewels, from Paper to Platinum – she has the work of 57 jewellers on sale and on show. It is not intended to be a comprehensive exhibition of everything that is happening in Britain, more a personal selection of the work she herself likes and rates. The range, vitality and sheer beauty of the pieces is staggering.

The jewellers range from well-established names such as Gerda Flockinger and Wendy Ramsshaw to designers still, commercially speaking, wet behind the ears. The materials range from the inexpensive and little regarded, such as *papier machè*, aluminium, painted tin and acrylics, to gold, silver and precious stones.

There is a lovely catalogue, with a single plate in full colour illustrating the work of each jeweller, which would be a marvellous handbook for anybody wanting a handy visual reference to a wide range of the best work being done today.

Already there is huge interest in the exhibition. One large public funded body is looking at the work in order to plan its buying for public collections, and the London Arts Board has given a grant to subsidise the catalogue. Those who cannot get to the exhibition, which is on until November 5, can at least buy the catalogue for £10 on the spot or £12.50 by mail.

Some of the work is remarkably well-priced – for instance, a beautifully worked brooch, labelled Hearts and Minds, made by Trevor Forrester in lead-free pewter with lacquered brass symbols is only £47. A spectacularly colourful cuff bracelet, made from large ceramic stones, glass and plastic beads linked with silver wire by Diana Laurie is £121.

Barbara Tipple has been designing fine modern jewellery for more than 20 years and has been the happy recipient of many awards, including two of De Beers International Awards. There is nothing cheap or trendy about Barbara's jewellery – it is made of the finest, most precious materials and is intended to last forever.

She designs all the pieces herself but for some of the techniques she gets experts to embellish the pieces – Fred Rich, for instances, one of our finest enamellers, does her enamelwork and Robert Campbell-Legg her steel engraving and inlay work.

She works with metals, both precious and semi-precious, bronze and all manner of stones from the most precious of all, such as Sandawana emeralds and the finest diamonds, to semi-precious tourmaline and even rock crystal. She loves combining metals such as steel with 22 carat gold and then adding the finest engraving or inlaid work. Most of her pieces are strong and bold and one or two are almost monumental, with an almost primitive feeling which is counterpointed by the extremely high quality of the finishes and workmanship.

Most of her work is done to commission. She lives above her own gallery at 100 Marmion Road, Southsea, Hampshire PO5 2BB (tel: 0705-753025) where a less expensive range of her work, from £20 upwards with an average of about £150, can be seen.

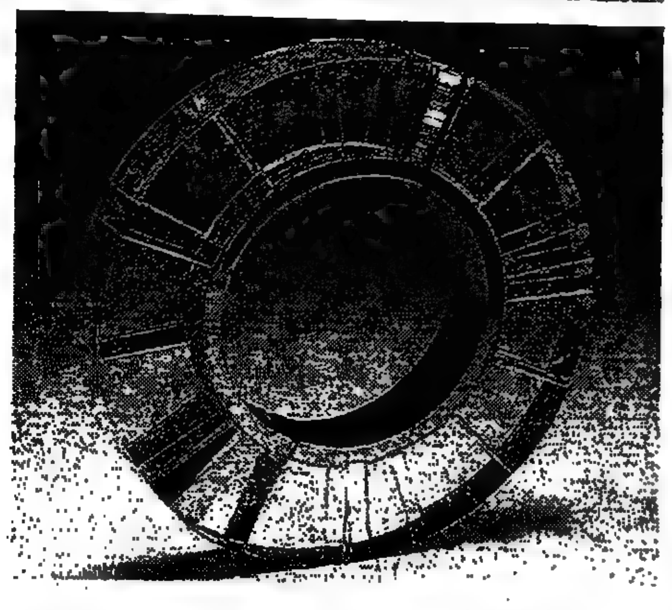
At the moment some of her more precious pieces, such as the ones photographed here, can be seen and bought at Kojis in the fine jewellery department in Harrods in London, where there is an exhibition of her work. Even there you could buy a silver ring for as little as £30. Other pieces start at £100 and there is a biggish selection for under £500.

Finally, you might like to consider the work of Barbara Christie, head of jewellery at the well-known Morley College in London who also makes jewellery for private customers to commission in her studio at home. How To Spend It readers may have seen her work at the many fairs at which she exhibits such as the Goldsmiths Fair and Chelsea Arts Fair.

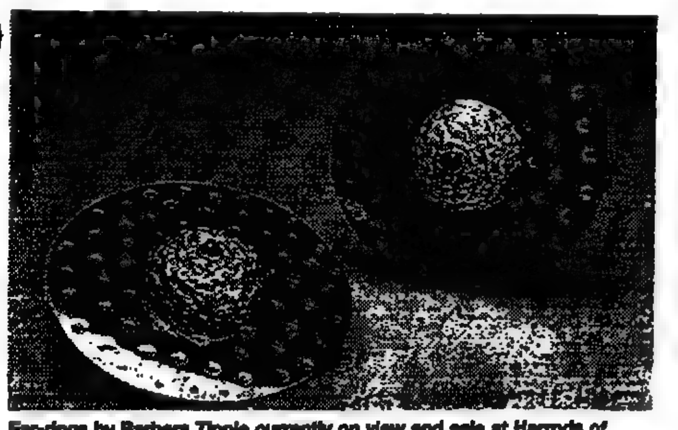
Her style, as you can see from the two photographs here, is spare, simple and strong. She uses precious and non-precious metals and stones as well as Chinese river pearls and gemstones. Her latest jewellery explores the theme of "boxes" – textured "box" brooches which are divided into tiny windowed compartments, each featuring collectibles such as gold or silver dust, miniature jewelled hearts and corals. Then there is a collection of square bangles with gold corners, diamond tipped rings, cufflinks, earrings and chains all based on what she calls the "Neo-Classics."

For those who prefer to spend money on something really useful she also makes a range of cutlery, napkin rings, paper knives, fruit knives and knife rests. For chaps there is a collection of bar cufflinks in 18 carat gold on steel.

Her prices start at £95 and the most expensive of her pieces is £850 but a really fine one-off piece of jewellery could be commissioned for well under £200. Contact her at her home, 12 Dukes Avenue, London W4 2AE, tel: 081-994 3498.

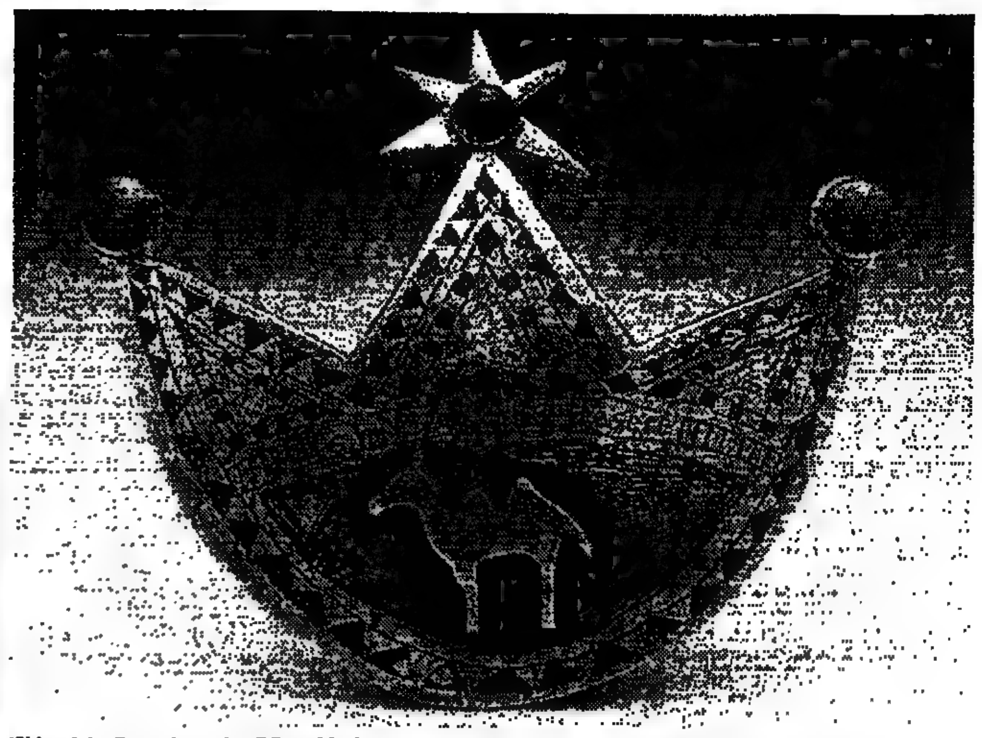


This bracelet of rock crystal in 18 carat white gold and baguette diamonds is not for sale but gives a good idea of the boldness of Barbara Tipple's delightful combinations of precious metals, stones and rock crystal



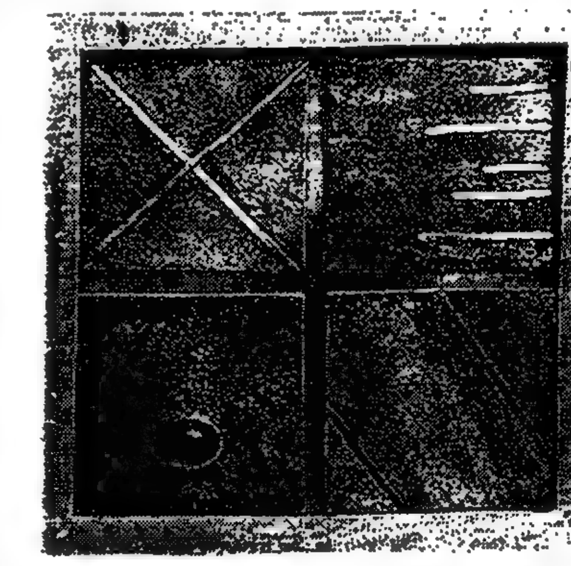
Ear-rings by Barbara Tipple currently on view and sale at Harrods of Knightsbridge, London SW1. Made from steel, with an 18 carat gold dome of minutely crafted frogs, enamel and finest Sandawana emeralds they cost £5,000 for the pair. She is currently working on a less expensive version using tourmalines instead of emeralds which will sell for £3,000

Inspired by Palladian architecture, this 'Temple of Jupiter' brooch is by Vicki Ambery-Smith. The body of the brooch is made with scored and folded silver sheet, red gold sheet and yellow gold details. The pillars are made from carved silver tubing with applied twisted wire details on the capitals. £1,500 from Lesley Craze

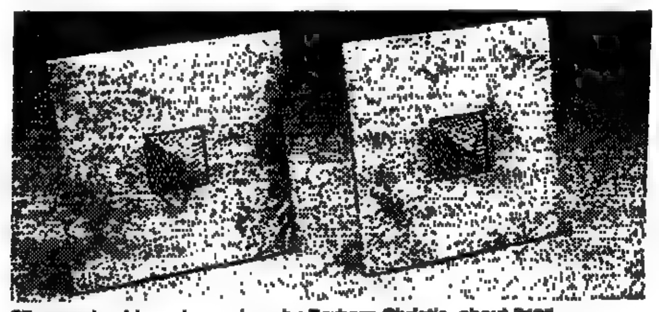


'Ship of the Desert', a splendidly quirky brooch made from hand-pierced sheet silver and decorated with acid-etched patterns, is designed and made by Ruth Martin. A figurative camel is soldered in the centre, the patterns defined by oxidisation and colour added with kiln fired enamels and gold leaf. £185 at Lesley Craze

"Winners Circuit" is a collar-cum-necklace made from laminated plywood with a painted surface design and applied gold and silver leaf. Beautifully made by Cathy Harris, it is one of the pieces on sale at the Lesley Craze Gallery for £343

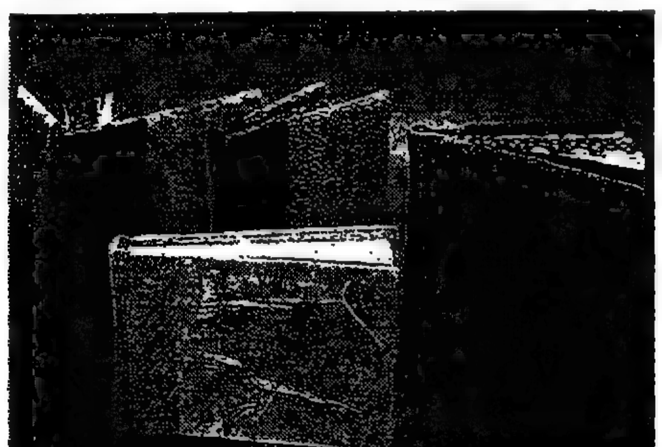


Silver and gold square brooch by Barbara Christie, £225



Silver and gold mesh ear-rings by Barbara Christie, about £125

# Lucky dip of crafts



Hand-bound leather bindings by Gavin A. Rookledge. Prices range mainly from £15 to £200, depending on the intricacy and size of the work. Blank books, address books, visitors books, photograph albums, re-bindings – all can be done. You can see his work at the Chelsea Craft Fair or alternatively contact him at Rook's Books, 14 Paddock Gardens, Upper Norwood, London SE19 3SB. Tel: 081-766 6388

IF YOU are in the commissioning mood and fancy entering into a creative adventure with a craftsman of your choice you should visit Chelsea Crafts Fair, which starts next Tuesday.

Regular readers may remember that is something of an annual celebration, a happy way of dipping into the best, most creative work in a whole range of crafts. The fair has become so sought-after that these days it is divided into two different weeks with a different set of exhibits and exhibitors taking over in the second week. Those who want to see them all, therefore, need to make sure they go twice!

Many of those who make the annual pilgrimage to Chelsea Old Town Hall in the King's Road use it as a splendid opportunity to buy their Christmas presents early; others see it as a chance to identify the craftspeople whose work they most like and commission something special, whether it be a hand-knitted sweater, a fantastical mirror, a refined piece of furniture, some quirky jewellery or an individually carved toy.

Sand-blasted 'pineapple' perfume bottle with three layers of colours, £58 by Paul Barcroft. Commissions also at 7 Lumsdale Mill, Lower Lumsdale, Matlock, Derbyshire. Tel: 0629-580 821

There will, overall, be some 810 different makers with exhibits on sale and a quarter of these will be people whose wares have not been seen at the fair before.

There is an admission charge of £6 which entitles the visitor to one visit on each of the weeks, or a single visit costs £4. The first week runs from October 12-17, the second from October 19-24. It is closed on Monday October 18. Hours of opening are 10-8 pm from Tuesday to Friday and from 10-6 pm on Saturday and Sunday.

***LvdP***

SPORT

Soccer

# The turnip faces the end of the world

***Peter Berlin** previews a week of big games*

THE TURNIP goes back in the pressure cooker next week. Graham Taylor, the England manager and the Fleet Street tabloids' favourite vegetable, is this weekend coaching his squad in the nuances of the long-ball game in preparation for his date with destiny in Rotterdam on Wednesday.

Victory would, more or less, ensure a place in the World Cup finals in the United States next year; defeat could mean the end of the world. A nation's fans will be glued to their television sets as Taylor stews in Feyenoord's stadium, the Tub.

Taylor and the England fans will not be alone. Only eight of the 24 places in the finals are decided. The 500-game qualification process started 19 months ago in Santo Domingo where Puerto Rico beat the Dominican Republic 2-1.

Around 450 games have been played since – give or take a few annulled or twice-played matches in Africa – but 33 teams are still competing for the remaining 16 places. Algeria and Nigeria met in Algiers last night in African Group A to decide whether Nigeria or Ivory Coast goes to the US. All but three of the othersplay in the next 10 days.

Taylor has one advantage over his rival on Wednesday. Win or lose, Dick Advocaat, the Dutch coach, will not take his team to the US. If the Netherlands qualifies, Johann Cruyff will return from Barcelona to manage it in the finals.

If England makes it, Taylor is safe in his job for five years. The 1996 European championships will be held in England, so his team is excused qualifying.

Failure to reach the final stages has, traditionally, cost England managers their jobs although failures in the finals have been forgiven. A win in Rotterdam, though, and Taylor could watch his side lose every big game until the end of the qualifying tournament for the 1998 World Cup before having to find a new job.

A draw would leave matters balanced finely. England has a worse goal difference than the Dutch. Both play their last matches on November 17, England away to hapless San Marino and the Dutch in Poland. England would be giving the Dutch a four-goal start, a handicap which favours England slightly.

Taylor does not fancy a night of such calculations: "When you start to think that way, it will drive you crazy." He said England would go for a win on Wednesday.

This is a bluff. Taylor knows the Dutch must attack, and a counter-punching strategy would suit him. He has not added a creative player to his squad to replace Paul Gascoigne, who is suspended, and will select a defensive midfield. England's main attacking strategy will be Taylor's preferred long-ball game: a vague boot from defence towards the strikers.

Taylor must envy Egil Olsen, Norway's manager. His team leads England's group and needs to win just one of its last two games to be sure of going to the US. Switzerland, Belgium, the Republic of Ireland, France and Sweden also need just one win in two to qualify. All are placed perfectly for an attack of the jitters.

England and the Netherlands are not the only traditional soccer powers struggling to qualify. Below Switzerland, Italy and Portugal scrabble for a place. Behind the Irish, Denmark, the European champion, could qualify if results go well on Wednesday but, otherwise, faces a showdown in Seville against Spain. The US organisers will be praying France does not slip and that Spain, Italy, England and the Netherlands right themselves.

But if the European groups have made the marketing people nervous, the start of the South American qualifying tournament in July must have terrified them. Brazil had been in wonderfully creative form in the Copa America and the US '93 tournament earlier in the summer, but won neither. Then, it opened its qualifying group with a draw in Ecuador and a loss in Bolivia. But Brazil, cannily, had scheduled all its home games for the end; it won the lot and went through.

The three other Latin American teams assured of a final place – Mexico, Bolivia and Colombia – all are crowd-pleasers. Argentina, the pantomime villain of world soccer, must win a two-leg play-off against Australia, starting in Sydney on October 31.

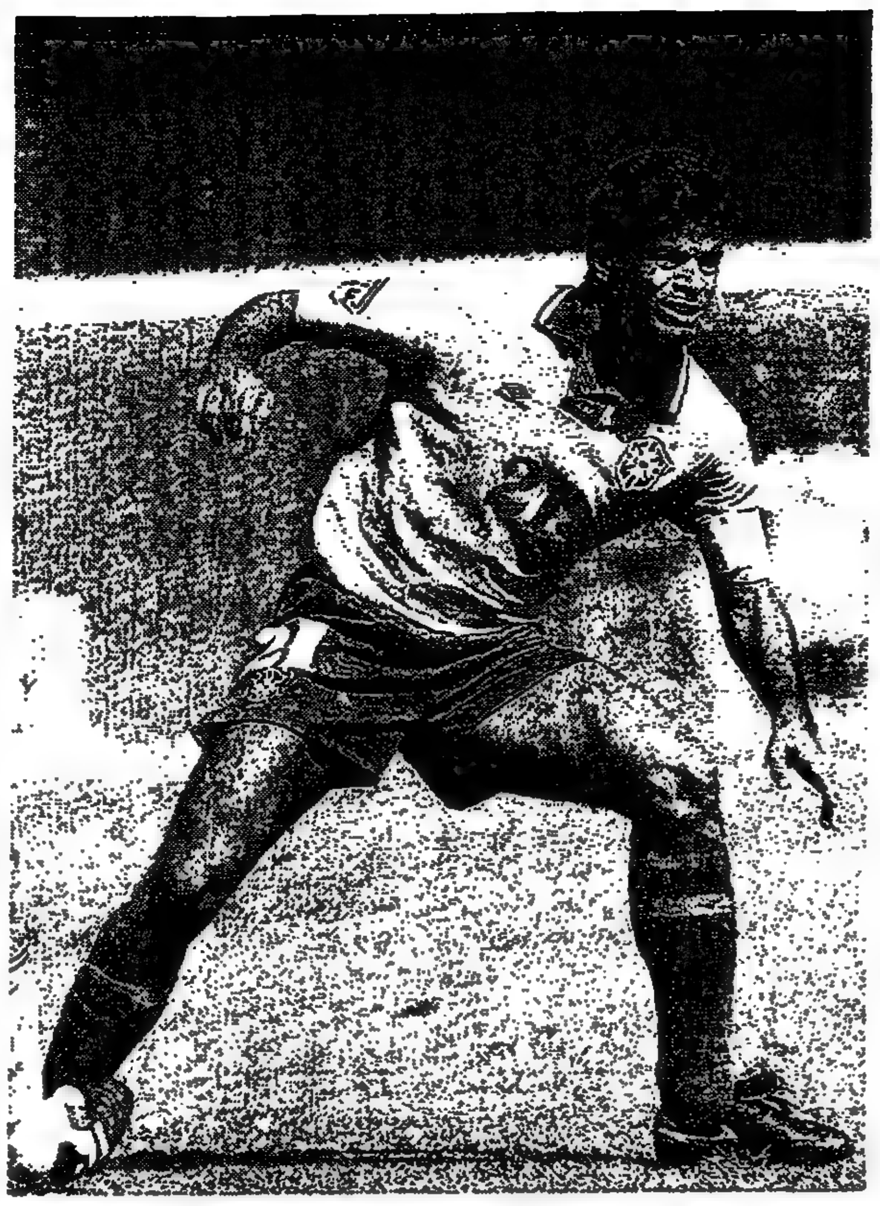
In July, Argentina again showed its big-match resilience, grinding through matches in the Copa America as it did on its way to the final of the 1990 World Cup. It beat Brazil and then Colombia on penalties; but, in the final, Gabriel Batistuta scored two superb goals in a 2-1 win over Mexico to suggest Argentina has added a scoring edge it lacked in Italy. It should be too tough for the Australians.

Emotions will run high in Casablanca tomorrow where Morocco must beat Zambia to qualify. Morocco, which lost out on hosting the 1998 World Cup, is the only north African nation with a chance of reaching the finals and pride is at stake. The Zambian team, meanwhile, has been patched up from youngsters and returning European stars to replace the squad wiped out in an air crash in April.

If they qualify, the indomitable Lions of Cameroon know they will be the first African nation seeded in the finals. Cameroon needs only to avoid defeat at home to Zimbabwe tomorrow, but the team has started wrangling over cash. On the other hand, Zimbabwe must overcome a passionate home crowd in Yaounde and the ground's reputation for strong witchcraft.

The organisers of Asia's final qualifying group, starting in in Qatar on Friday, have implored the press to concentrate on soccer, not politics. The six contenders include North and South Korea, Saudi Arabia, Iraq and Iran. The chief question is whether the J-League has made the sixth team, Japan, a soccer power.

Franz Beckenbauer, the former German manager, said the champion will be handicapped because it is excused the qualifying tournament which toughens teams. The problem, as Taylor could point out, is that it can also eliminate them.



*The master entertainer: Rai, captain of Brazil who have qualified for the 1994 World Cup*

Rugby Union/Tom Fort

# A sudden end to a coarse career

THE REVELATION that it was all over came just before the lights went out. It was a Sunday afternoon in November, and beneath the ramparts of Windsor Castle a game of rugby, of sorts, was being played. It was a one-sided affair, and we were on the wrong side. A pernickety referee had decided that two passing youths, whom we wished to recruit to bring us up to numerical strength, were too young. We were under the hammer. For myself, I was just trying to keep out of trouble.

I knew the flesh was weak: bad back, enfeebled ankles, twanging hamstrings, chronic wind shortage. But the spirit had, hitherto, been willing. Now I found the spirit had gone the way of the flesh. So I jogged along, leaning in a scrum here, bending to inspect a maul there, stretching supplicating hands above my head in the lineouts, stopping whenever possible – usually to watch a hungry opposition sweeping again through defences attenuated to the point of extinction.

Suddenly I found the ball in my hands, in broken play. Ancient, treacherous instincts asserted themselves, and instead of throwing it away, I advanced. The way was guarded by a vast, muscular creature. As I approached him, the instinct told me: "Take the tackle and lay the ball back." I might have known that this was futile, and that with none of my team at hand, I would merely by laying it back to the enemy. Take the tackle I did, and of the fate of the ball I know nothing. The creature plucked me up by the thighs, turning me upside down and throwing me up, then left gravity to do its work. I retired from rugby as I came down. I saw mud and grass rush towards me and darkness supervened.

That was almost two years ago and I have remained retired. The back is worse, the ankles and hamstrings more delicate than ever, the wind almost gone. Feeling as I do now, the idea of playing rugby is ludicrous. Yet there is a voice – a damnably insistent one – which at this time of year nags at me, reminding me how I miss it. Looking back over the best part of 20 years as a coarse rugby man (I did not take it up until manhood), it is not the achievements on the field which stand out. There were tries and triumphs, all the more precious for their rarity. And I can still dimly taste the joy of the surge through a gap, the dive for the line, the leaping catch at the lineout, the smash of a tackle.

But much more vivid – the real motor of nostalgia – is the memory of companionship, simply the getting together with other like-minded fellows for an innocent letting-off of steam on a Sunday in winter. I can smell the smells of changing rooms, liniment and Vaseline: hear the drumming of studs on tiles and the snap of elasticated bandages on to meaty thighs: feel the churn of nerves in the pit of the stomach and the wind and rain in the face as we ran out out on to the pitch, peering at our opponents to assess if they looked in any better shape than us.

We never went in for the conventional ritualistic heartyism of the rugby club. We did not bawl out bar-room ditties, because we never knew the words; nor did we match ourselves in ale-quaffing contests, knowing we would lose. Our changing room never echoed to the unison roar of the pre-match chant, promising annihilation to our opponents. Our tactical approach was childlike. Indeed, we had no tactics worthy of the name, since – as often as not – matters of who was playing where were not settled until after the match had started. We had lineout calls, but they were imperfectly understood by those who were supposed to jump.

*'The creature plucked me up by the thighs. I retired from rugby as I came down'*

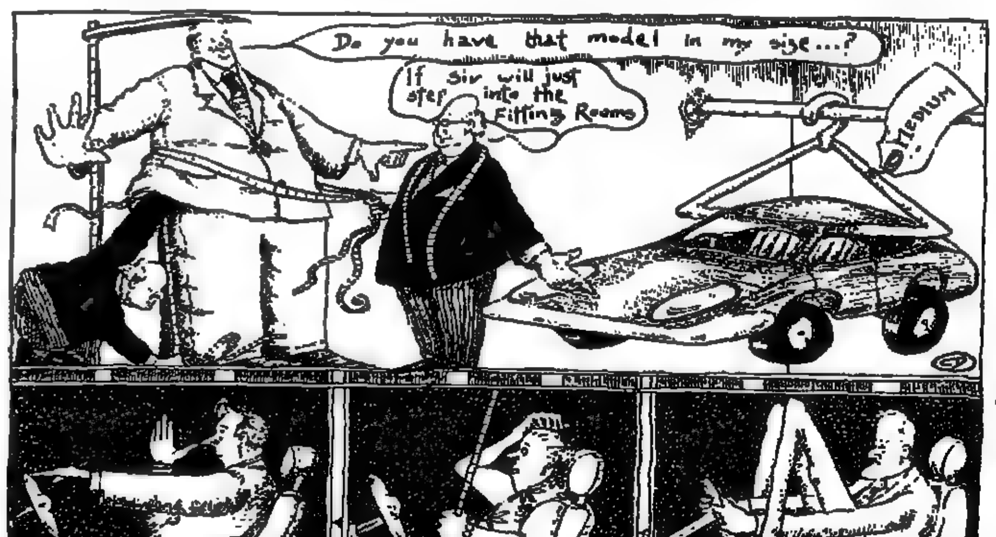
Almost no one knew the rules, which never inhibited us from abusing referees who did. We never trained, so we had no planned moves. We simply pushed in the scrums, jumped at the lineouts, got offside at rucks and mauls, tackled when we could reach someone to tackle, kicked when we had to and ran the ball when we could.

Afterwards, over our beer, we would either bemoan our naivete or laugh at the way we had transcended it. We would abuse each other, our opponents and the hapless ref, and dwell on our blunders and our hopes for next week. And we would go home warm and happy and wake up aching the next day.

Of course, memory erases most of the boring and bloody side of it: the joyless massacres suffered, the ugliness of injury and occasional violence, the physical awfulness of tender feet, flaming abrasions, stabbing stitches. But it was fun, and life is less fun without it, and I still sense a mute reproach from my boots and tin of dubbin, as they stand gathering dust in the cupboard under the stairs.

Motoring/Stuart Marshall

# The seat of success



AS MANY motorists know only too well, some cars can be a pain in the neck – and back. According to the findings of a survey by the Osteopathic Information Service, to be released on Monday at the start of National Back Pain Week, 80 per cent have back pain and one in four suffers at worst permanent damage, or at best discomfort, because of driving.

More than half are over 30 years old. Men and women suffer equally. The taller they are the more likely they are to get back pain, especially on long journeys. Almost all of those questioned said they were uncomfortable or in pain within three hours of starting a journey.

As someone who is tall and a long way past 30, I find all this believable. But why does it happen?

The French used to fit their cars with soft seats to cushion the body from the shock of driving over bad roads. The Germans took an opposite view, having seats that seemed stuffed with reinforced concrete. I sided with the French.

Some of the most fatigue-free long journeys I have made in cars – from the UK to the south of Spain or to Austria, for example – were in cars with seats into which one sank deeply. And, in contrast, some of the least comfortable were made in cars with seats so hard they barely yielded at all under one's body weight.

In recent years there has been a levelling up. In general, French car seats have become harder, German ones a little softer. Italian makers still believe that seats should be a bit squashy. So do the Americans. The Japanese, who once aped German habits so slavishly they adopted hard seats and funereal black interiors for any car with sporting pretensions, have more bottom-friendly upholstery nowadays.

British cars demonstrate Britons' traditional ability to compromise. Their upholstery is unlikely to offend either lovers of soft seats or those who would have agreed with the German makers who never tired of telling me that hard seats (like cold baths) were good for you.

The Swedes – over the years Volvo and Saab have researched seat comfort very thoroughly – belong to the not-too-hard, not-too-soft school. But there is far more to seat comfort than the hardness or softness of upholstery.

As cars have become more compact and more aerodynamic, there has been less space to spare for the driver. Mounting the engine sideways and moving the driver forward can lead to both pedals and steering wheel being off-set to the seat.

This is why I never make up my mind about the driving comfort of a mainland European car until I have tried the right-hand steering version over a fair distance. The results can be enlightening – and disappointing.

*'Mpvs and lofty 4x4s may help back pain sufferers'*

In my experience, Japanese cars nearly always have good driving positions. Years ago their makers got the message that Europeans were much bigger than their home market customers. And of course, Japan has the same keep-to-the-left rule of the road as the UK so their cars have right-hand drive.

The Osteopathic Information Service says back pain is as likely to trouble drivers who sit close to the wheel as those who adopt an arm's length stance.

It is a personal view, but I find some sporty Italian cars less comfortable to drive than those from north European or Japanese makers. My theory is that they are still designed for the traditionally short-legged, long-armed Italian male, not long-legged people like me. And I settle comfortably behind the wheel of any Volvo or Saab, with lots of space round the pedals, because they seem to have been built for big people with larger feet than mine.

The growing popularity of high-roofed, multi-purpose vehicles like the Renault Espace, and of lofty on-off road 4x4s, may help back pain sufferers. Their ample headroom allows a driver to sit upright rather than slouch behind the wheel. People troubled so badly by their backs that they choose to sit at home in dining chairs rather than deeply upholstered easy chairs will know what I mean.In a few days time the Osteopathic Information Service will be going into detail about which cars it considers can reduce the risk of causing their owners back pain.

In the meantime, it advises potential car buyers:

- Try the the praying test. Adjust the seat so your hands just touch the wheel. Arms straight, with your back and shoulders square in the seat, put the palms of your hands together. If your fingertips do not point at the middle of the steering wheel, your spine is slightly twisted.
- Now the fist test. Sit normally, so you can depress the clutch fully without stretching. Put a closed fist on your head, knuckles up and palm down. There should be at least 6cm (over 2in) between your knuckles and the roof.
- Next, sit straight, hands evenly on the steering wheel, left foot on the clutch, right foot on the accelerator. You should not be able to see more of one leg than the other.
- Drive the car for a short time, then look at the position of your right leg. Is it at the same level as the left leg (as it should be) or has it fallen toward the edge of the seat? Is your thigh in line with your foot – or has it slipped toward the centre of the car?

If a car passes these simple tests, the Osteopathic Information Service says it should help reduce the risk of your suffering back pain. It may still be difficult to find a perfect fit, but at least the tests will put you on the right lines.

FOOD AND DRINK

# A static auction year

***Edmund Penning-Rowsell** on a recession-hit time in the saleroom*

THE RESULTS in the London wine auctioneers' year – from September last year to this July – reflected the continuing recession and varied little from the previous 12 months.

Without the buyers' premium (10 per cent) Christie's turnover in its King Street sales totalled £4.49m (£4.35m); and Sotheby's sold £2.10m (£2.07). In addition Christie's took another £1.02m (1.09m) in other UK sales and £3.29m (2.82m) in overseas auctions. These have principally been in the US, where, surprisingly, after more than 20 years, they have now given up auctioning wine. Sotheby's does not sell wine outside London and does not issue detailed figures, but it has increased sales.

A problem for both houses has been lack of stock for, unless pressed for cash, many owners of fine bottles are not eager to sell when prices are low. Also a growing number of brokers are selling for their clients wines that otherwise would have been sent to the saleroom.

The wine most sold there is claret, because the finer growths are the most collected, often with some expectation of later profit. However, as the accompanying tables for the first-growths and other prominent classed-growths show, at least in recent years recession and inflation have greatly reduced prospects of the latter.

The peak year for ex-cellar en primeur prices was the highly praised 1989. In spring 1990 the first growths generally opened at FFr230 a bottle and leading seconds at FFr115 to FFr125. These meant a duty-paid, delivered cost to retail buyers of about £590 a case, or £49 a bottle, for the firsts and £320 a case, or £25.50 a bottle, for the others. Yet, three years later, Lay & Wheeler of Colchester, Essex, is listing Latour '89 at £54 a bottle and Ducru-Beaucaillou at £27.35.

Faced with the beginning of the recession opening prices of the 1990 clarets were around 10 per cent lower. But in the auction room 1990 has marked the summit for earlier vintages.

The accompanying tables show the highest average prices for six first-growth and eight prominent other classed-growths in 1990; in the depth of recession last year and in the current year to the end of July. (Pétrus has been omitted as its saleroom prices are on such a high level as to distort the annual averages, but its trend is similar to the rest). In terms of value and drinkability, the '83s and '85s are undervalued in the saleroom.

The other "investment" wine, bought when first available after the year has been declared by the shippers, is vintage port.

Cheap in the saleroom for years, the table shows that it too has declined since 1990. The '63s and '77s are real bargains for vintage port drinkers, but there are now fewer of them outside the institutions.

Since early this year Christie's sales have displayed an upward trend: not so much in individual prices, but in the percentage of value terms of the lots sold: from 81.55 per cent in January to July last year to 91.45 per cent this year. Sterling devaluation has encouraged foreign buyers, particularly from the Far East, and if the economy improves so should turnover increase in both salerooms in the coming season.

**VINTAGE PORT**

| Vintage | 1990 | 1992 | 1993 |
|---|---|---|---|
| 1963 | 493 | 397 | 411 |
| 1970 | 256 | 244 | 242 |
| 1977 | 244 | 211 | 217 |
| 1983 | 143 | 124 | 116 |
| 1985 | 157 | 138 | 119 |

*Cockburn, Croft, Dow, Fonseca, Graham, Noval, Taylor, Warre. On calculating average prices account has been taken if a wine had not been auctioned in that year and in the case of vintage port if a shipper has not declared that vintage.*

**FIRST GROWTH CLARETS***

| Vintage | 1990 | 1992 | 1993 |
|---|---|---|---|
| 1961 | 3567 | 2933 | 2940 |
| 1970 | 865 | 803 | 845 |
| 1975 | 622 | 592 | 584 |
| 1978 | 623 | 540 | 535 |
| 1982 | 908 | 723 | 862 |
| 1983 | 385 | 335 | 387 |
| 1985 | 402 | 393 | 400 |
| 1986 | 443 | 386 | 427 |
| 1988 | - | 350 | 335 |

**Average highest auction price in £s per dozen. Ch. Cheval Blanc, Haut-Brion, Lafite, Latour, Margaux, Mouton-Rothschild*

**SECOND AND OTHER CLASSED-GROWTH CLARETS***

| Vintage | 1990 | 1992 | 1993 |
|---|---|---|---|
| 1961 | 1560 | 1433 | 1313 |
| 1970 | 497 | 442 | 426 |
| 1975 | 400 | 365 | 377 |
| 1978 | 297 | 313 | 301 |
| 1982 | 342 | 362 | 394 |
| 1983 | 192 | 201 | 221 |
| 1985 | 187 | 207 | 232 |
| 1986 | 226 | 204 | 233 |

**Average highest auction price in £s per dozen. Beychevelle, Cos d'Estournel, Ducru-Beaucaillou, Gruaud-Larose, Leoville-Las-Cases, Lynch-Bages, La Mission-Haut-Brion, Palmer, Pichon-Lalande*

# Fungi business at Claridge's

THE RAIN falling constantly for the past fortnight has caused considerable damage in the UK, washed out fields of salad crops and vegetables and confined fishing boats to harbour – thereby pushing up the price of fish.

But there is a silver lining, particularly if you like early morning walking in wet woodlands with a bag and a small, sharp knife. This is *the* time of the year for ceps.

These magnificent mushrooms are, because of a damp spring followed by a warm summer and then a wet autumn, better and more plentiful than for years.

Ten days ago I was stopped by a friend who was clutching a bag en route to Antonio Carluccio's shop in Covent Garden, central London. Inside were 4lb to 5lb of delicious ceps that had been collected on Hampstead Heath, in north London. He wanted to verify that they were all fit for human consumption. (If in doubt always check with a book or a local chef).

When Marjan Lesnik, executive chef at Claridge's, walked into his kitchens on Monday morning there were 30lb (about 14 kilos) of ceps waiting for his inspection. They had been picked over the weekend by various members of the hotel's kitchen and waiting staff, mainly Italians, who had earned some useful pocket money through their weekend foraging.

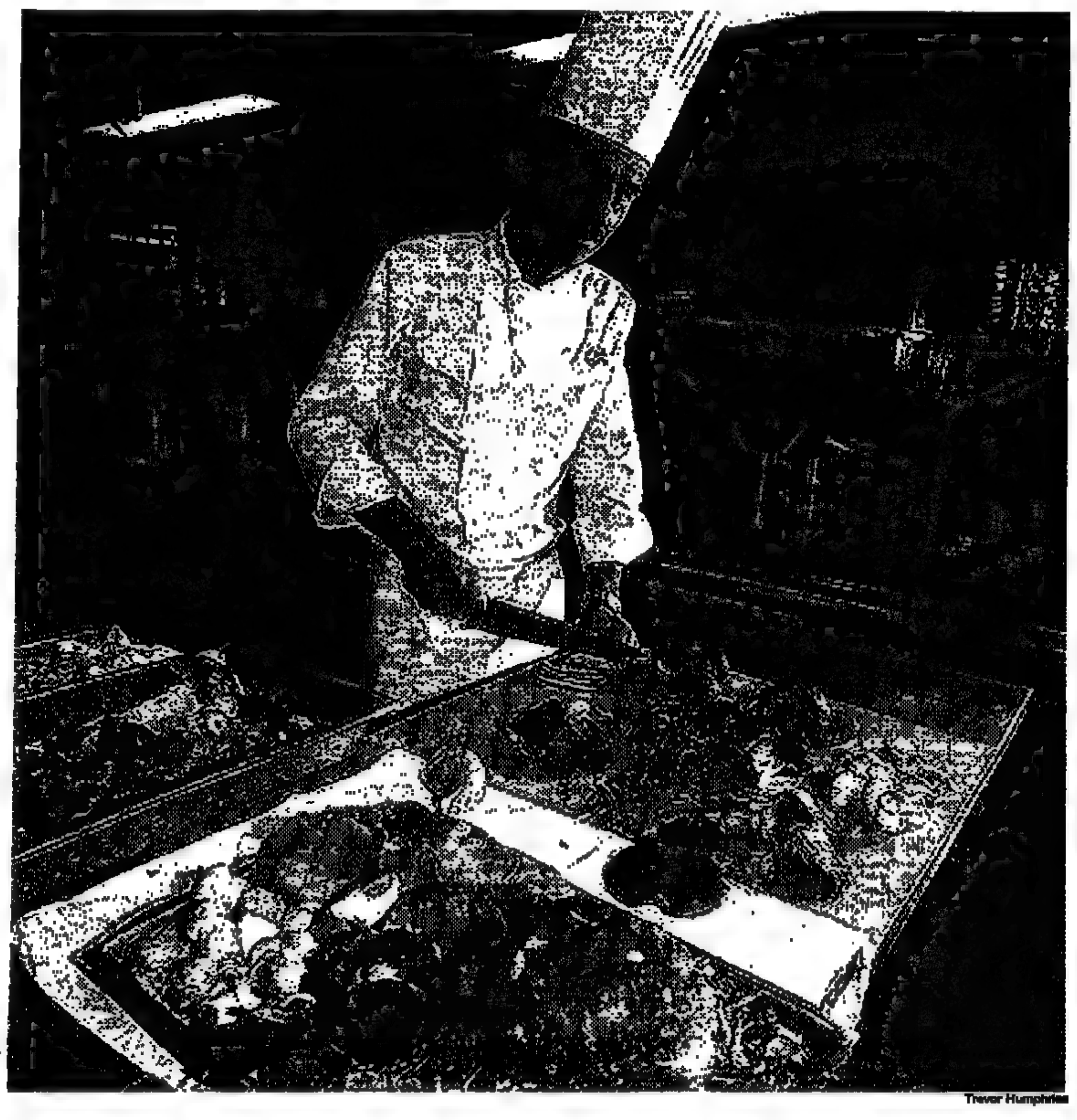
The wholesale prices of ceps ranges from £4 to £8 per lb for the very best according to Michael Hyams, fruit and veg supplier to London's top restaurants. This season's weather is producing edible wild mushrooms that even he has not seen before. On Tuesday he had been shown 60lbs of a mushroom called Deceiver, fresh from the New Forest and in top condition.

And they are easy to cook. Having cleaned, washed and patted them dry cut them into thick slices, marinate for 30 minutes in olive oil and grill. As an accompaniment to almost any main course, slice them more thinly and sauté in olive oil with garlic and parsley.

Or you can try and emulate the professionals. In his new book *Keep it Simple* (Octopus, £18.99, 192 pages) Alastair Little gives the recipe for a wild mushroom tart he is currently serving at his Frith Street restaurant in central London. At La Tante Claire Pierre Koffmann has created a new, and currently unnamed, first course which comprises, on one side of the plate, thin slices of seasoned raw cep, sprinkled with olive oil, while the other is taken up with thinly sliced, raw scallops marinated in olive oil, topped with a few drops of balsamic vinegar. Also worthwhile is the newly published *Mushrooms on the Menu* by John Midgeley (Aurum Press, £8.95, 120 pages).

The cep season should last another three weeks unless early frosts or eager pickers strike first.

***Nicholas Lander***



Trevor Humphries

Marjan Lesnik, chef at Claridge's, prepares some wild mushrooms picked by staff in the New and Epping Forests

Appetisers

# A wet blanket

REPORTS of the 1993 northern hemisphere vintage – either underway, imminent or long overdue – range from cautious to downright suicidal. My colleague Edmund Penning-Rowsell will shortly be reporting in detail on Bordeaux's soggy harvest.

The Portuguese, who seemed poised for success in the table wine market, have also been experiencing cold rains off the Atlantic. For once it does not seem premature to assert that 1993 will not be a vintage port year (although both 1991 and 1992 were splendid).

Those who harvested early, and bothered to spray carefully earlier in the season, may make some good wine in the south of France, but 1993 tried the patience of organic viticulturists almost everywhere.

Northern Italy was washed out in many parts, although late last week Piero Antinori was still optimistic about the prospects for Central Italy (where 1992 was disappointing). The Champenois are putting on a brave face, but there has not been a single vintage that could be described as generally good throughout Europe since 1990.

The 1993 vintage was better in the southern hemisphere, and some exciting whites are beginning to arrive from Australia, New Zealand, South Africa and Chile. This is as good a time as any for the most die-hard classicist to explore the best that these countries have to offer.

An excellent place to start is the Australian Wine Centre, 50 Strand, London WC2 (071-925-0751). Its new list boasts many an exciting find in the £4 to £8 range, among the predictable taunts about cricket and the monarchy.

It was the centre's Craig Smith, for example, who first imported the extraordinary Heritage Cabernet Franc 1991, an arm-twister with about as much in common with a red Loire as Paul Keating. This extraordinarily dense, voluptuous red is now listed by Bottoms Up and Wine Rack at £7.49. Smith will not get his allocation until January but, meanwhile, can offer a Cabernet Malbec 1991 at £6.49, from the same style of concentrated low-yield, unirrigated, hand-picked fruit grown in one of the less blistering parts of South Australia.

This is the one place in Britain to find the sort of Australian bottlings that elicit drools from the normally phlegmatic ("make mine a beer") wine writers of Sydney and Melbourne. The centre has a particularly glamorous range of Australia's dry Rieslings from £3.49 to £6.99 a bottle, and will deliver any order worth £75 free anywhere in the UK mainland.

A South African selling at £8.58 a bottle somehow managed to wrest the Chardonnay Trophy from many a grand white burgundy at this year's vast International Wine Challenge organised by WINE magazine. Dieu Donné 1992 is due in to the warehouses of Tanners of Shrewsbury (0743-232400) this week.

*Jancis Robinson*

# The sleepy side of life for Weekend FT readers

*In the* Weekend FT *of September 18 Nicholas Lander wrote about the problems which restaurateurs face when a diner falls asleep. This seems to have tickled readers' fancies and, judging by your letters, is a far from uncommon problem. We offered a bottle of pink champagne to the reader with the best solution to a dozing dining partner. The winning letter comes from Takuro Hoshi of Japan who provided one of the most detailed accounts of how to deal with the problem. Letters have been cut and edited where necessary.*

**From Takuro Hoshi**

As a businessman, I have encountered several times the embarrassing situation of a sleeping diner. I myself pinch my thigh under the table to deal with this peculiar syndrome (rather common among Japanese businessman especially when abroad).
For the sake of fairness, I must point out I have noticed on a few occasions, Europeans drowsing in restaurants in Tokyo.

The Solution is "OSHIBORI" (literal meaning is "a squeezed").
Perhaps you know what it is as you have surely visited a Japanese restaurant. But just for good order's sake, it is a wet hand towel served when we are seated at the table, just to clean hands. I don't know any restaurants in Europe which never served this Oshibori.

Quality of towel: Thick, soft and and right size.
Moisture content: Not too wet, nor too dry.
Cleanliness: To say nothing of, but must be always almost new, so usually white towel if needed to demonstrate cleanliness.
Presentation: Like serviette folding, how "squeezed", and usually on the right small tray – (bamboo, knitted basket. etc)
Scent:Trace of fragrance everyone can accept.
Temperature: In hot summer, straight from fridge, and in winter, steaming hot.

So now what I want to suggest, is that waiting staff smartly approach with (cold) Oshibori to ask the sleepy diner if he cares to use Oshibori.

Kodaira City, Tokyo

**From Christina Foyle**

I was amused by your article on people who doze off at luncheons. I have had two experiences of this.

Jeffrey Bernard (journalist and raconteur) fell asleep on my shoulder at a luncheon I gave to Judge Pickles. On another occasion, many years ago, the chairman at the lunch was Sir Walter Gilbey (of gin fame). The chairman should confine his remarks to introducing the speaker, about five to ten minutes, but Sir Walter Gilbey spoke for an hour and a half! Nobody could do anything to stop him.

In front of my father, an elderly gentleman had fallen asleep and it looked rather rude so my father picked up the toastmaster's gavel and tapped the man on the shoulder. The man stirred and said: "Hit me harder, I can still hear him!"

In arranging my luncheons the worst two things that can happen are that the speaker talks too long, or is drunk, especially if it is a bishop!

I am sure my next one for Lady Thatcher will not suffer from any of these problems.

Maldon, Essex.

**From Helen Smelt-Webb**

Your article on dozing diners was very amusing. I have one solution. Take a feather from your boa and light it from the candle on the table. The smell will rouse the soundest sleeper.

Stillington, York.

**From Mr C.H. Massingham**

Thank you for your interesting and amusing article in today's *Weekend FT*. Here is my remedy: Always have a pillow available (and all serving staff aware of it), suitably embroidered with the words: "One needs to be awake to enjoy our food but you are always welcome."

Should a similar instance ever recur, with the minimum fuss, remove dangerous items such as glasses etc. from the table and replace with pillow, with wording facing the other guests.

When the couple finally leave, do not remove the pillow. You and your other guests out of natural curiosity will try and pass the table to try and read what was written on it.

Thus, afterwards, when the victim or any other of the guests tell their friends about the incident, they will not be talking negatively about the sleeper, but positively about the restaurant.

Lee-On-Solent, Hants.

**From Peter Hollins**

We recently held a sales conference at a country club in Tennessee. One evening a salesman fell asleep over dinner, much to the amusement of his 25-30 colleagues.

Everyone quietly left the dining room, the lights were dimmed and a waitress then awoke the sleeping guest and presented him with the entire bill for dinner!

His horror at the enormity of his faux pas was only matched by his embarrassment when he realised that the whole act had been watched by his colleagues, as well as members and staff at the Country Club.

Boston, Massachussetts.

**From Gabriel Goodall**

Your article touched a particularly raw nerve in that for a number of years I have been falling asleep in precisely the same circumstances as you outline.

On one occasion I had finally persuaded a particularly attractive girl to come to dinner. I woke to find an appropriate note and no girl. Whilst one can laugh about it I can assure you that this affliction, somehow peculiar to restaurants, renders one almost powerless to stay awake.

I have in the past sought medical advice – to no avail. When afflicted I have gone to the restaurant bathroom and splashed cold water on my face; drunk large quantities of water quickly; gone outside for a walk in the fresh air etc.

The most frustrating aspect is that if left asleep until after dinner one has subsequently an extraordinary surge of energy and a strong inclination to continue the night's activities "clubbing" and so on. One's friends of course just want to go home to bed.

London SW11

**From A.L.R. Fincham**

One of the more exclusive cricket clubs I have occasionally had the privilege of turning out for is the St Moritz Cricket Club, which stages an annual match on the frozen lake there each February.

Some four to five years ago, one of our number fell into a deep sleep over the team dinner in a local restaurant. We sent for a spare tablecloth and covered him from head to toe with the cloth so that he took on the appearance of a ghost.

Every now and again throughout the meal the ghost stirred, thereby causing amusement to other diners, but he never woke until we left the restaurant at the end of the evening when we, not without difficulty, recalled him from his deep slumbers and took him home.

I think the restaurant staff probably found this approach helpful as, if I recall correctly, they did not serve the individual concerned with any food, no doubt because they are not in the habit of serving meals to ghosts.

London SW4

**From David Chandler**

Many years ago I was in a south London Chinese restaurant late at night. One of a party of four at the next table had fallen asleep, spread awkwardly cross the dishes. His snoring had caused glances and sniggers until a lady at another table leaned forward. "Wouldn't he be more comfortable in the chow mein?" she asked. The place exploded.

Bromley, Kent.

**From Nick Mathys**

I read with amusement your article. On a sailing trip in Scotland some 20 years ago a similar event occurred. After a hard sail in a pre-war racing yacht the night had been spent in harbour and breakfast was to be taken in a waterside hotel. One of the crew fell asleep at breakfast, not merely subsiding to the table, but immersing his face in the porridge.

No action was taken. No doubt an excess of fresh air the day before was the cause. However, after the rest of the crew had eaten the first course, the good young lady serving breakfast arrived with bacon, eggs and all the other goodies which make up a true Scottish Breakfast. She was uncertain as to the correct action.

The skipper did not hesitate. Seizing his crew member by the hair he lifted his head, removed the porridge and, placing the next course beneath his face, lowered him back again.

No complaints were received either then or later.

In the possibly more sophisticated surroundings of a London restaurant, may I suggest removing the diner's plate, applying if necessary a hot wet towel, and providing a clean plate – with perhaps a napkin as well – for him to continue to sleep on?

Chelmsford, Essex.

**Dr Robert A. Kisch**

My grandmother is said to have always carried a bottle of smelling salts: in those days, ladies had this valuable item handy for themselves against faintness both in their young and not-so-young days.

When grandfather Albert dozed off in a restaurant (inevitably towards the end of the main course of meat), she was wont to administer a sniff which effectively woke him up for the rest of the meal.

Waiting staff could carry such an item and offer it discreetly to the embarrassed (awake) partner to administer, perhaps?

Today, I find that the offensive level of background "music" tapes stops me enjoying such a snooze ... but that is another story.

St Ouen, Jersey

**From David Edwards**

I am surprised that you regard the sleepy diner as a rare and novel phenomenon. He is commonplace in times of stress.

Ashore after a stint of North Atlantic convoy duty or even after competing in the London Head of the River race a fit young man can be overcome by irresistible drowsiness when exposed to warmth and a little alcohol. He is far from being drunk but he just can't stay awake.

A jet-lagged businessman is often in the same condition. A solution that works well in these cases is for the *maitre d'* to offer, on a salver, a luggage label and Biro to the apparent leader of the party.

The *maitre d'* should say: "If you would be so good, sir, to write the gentleman's name and address on this label we will get a taxi and see him to it if you so desire."

It is of some importance that, if the offer is taken up, the label be securely tied to the casualty's buttonhole so that there is not an identity problem at destination.

With a mixed couple the situation is more tricky. A somnolent male is probably responsible for the account and his partner may be both unwilling to settle on his behalf or to escort him home.

The label trick is worth trying nevertheless as the lady, no matter what her relationship, is put under no obligation by being helpful. If you want your money it may be worth your while to send a member of staff with him to his destination.

With men you can afford to wait on events. Nothing dramatic is likely to happen if your offers are refused; but should the sleeper be female I suggest you call a taxi and then firmly see the couple to it using all powers of persuasion that are at your disposal. The lady on waking will nine times out of ten create a scene you will very much regret.

Woking, Surrey

# Preaching to the converted in Ireland

*Nicholas Woodsworth samples Guinness, rain and the life of small communities on Europe's edge*

THERE IS something haunting and mystical about the west of Ireland. That, at least, is what they say, and I was willing to believe them. I had spent too much time in the big city. My nerves were jangled. I needed tranquility. I needed Irish whimsy and soft Celtic twilight.

Hibernian at-one-ness is not achieved just like that. It has to be worked at, so as I drove westward from Dublin I filled my little rented car with the music of Irish harp and pipe. Hardly had I left the Liffey than my soul began to stir. As I whizzed past green cow pasture and midge-infested bog it lightened and took to the air. By the time I scented the salt air of Galway Bay I was feeling transcendent.

Fifteen minutes later, at the end of a two-mile tailback into Galway town, it all came crashing down. There is one week in the year when tranquility flees the west of Ireland. It is the week of the Galway races.

Half of Dublin empties and comes out for "the crack" – that whiskey-, music- and blarney-driven gregariousness which makes up the larger part of the Irish genius. But it does have its drawbacks. In Galway there is not a bed to be had, a parking space to be found, a bar stool to be sat on.

Had the crowds that filled the town been white-haired Irish biddies and soft-spoken country gentlemen in tweeds, it might have been different. But there were back-pack armies on the streets of Galway wearing combat boots, Mohican haircuts and rings in their noses. And those were just the women. It was all too much. Off I drove, in search of a gentler kind of crack.

The Aran Islands – now there was a place, I thought, where one could leave it all behind. As I dawdled north and west along the coast of Galway Bay, hardy little men in hand-stitched pullovers paddled doughnut-shaped fishing boats through my imagination. But half-an-hour later I was on my way again: the ferry landing where the Aran boats depart was a jam of tour buses, bright nylon camping gear and gesticulating Frenchmen in new, Aran pullovers. At peak holiday season the islands so renowned for isolation and a quiet way of life were choking on their own reputation.

I motored northwards into the stark hills and treeless bogs of Connemara. This, at last, seemed more like it – suddenly, I felt peacefully alone in a great space on the farthest edge of Europe.

Mauve fuchsia blooms hung heavy on roadside hedges. Miniature haystacks sat marooned in a jigsaw puzzle of rock-walled fields. Piles of turf lay stacked on the bog beside deep cuts filled with tea-coloured water. Down by the shore austere, white-washed cottages sat brooding under a fine drizzle.

The west of Ireland is the only place I know that looks good in the rain. There is an integrity about the countryside, a harmony of gentle colours of earth and sea – greens and greys, duns and heathers, shaley blues and peaty browns – that is profoundly peaceful.

By Letterfrack I stopped in a thin Irish mist to watch two local teams savage each other in the game of Gaelic football. It is such an odd, exotic sport I found it hard to belive I was still in Europe. A few miles on I stopped again to ask directions from a group of girls. The reply was in Gaelic, and they had to point the way to Roundstone.

Was the lovely little coastal village of Roundstone, with its grey sea wall and bobbing fishing boats, its single sloping street and brightly painted houses, to be the end of my road? Alas, no. So well known as a lovely coastal village has it become that there was not a B & B room vacant. As I arrived, a BBC film crew was preparing to video-tape an evening of quaint Irish set-dancing in a quaint Irish pub. I fled.

The situation was grave. The west of Ireland seemed over-run by Dubliners seeking the crack and foreigners seeking the twee. Every second town between Kerry and Donegal had a traditional music festival, a lobster festival, a country fair, a beauty contest, a medieval pageant, a smoked-salmon celebration or a re-enactment of the foundering of the Armada. Such festivals are the only things that keep the depressed towns of the west afloat these days.

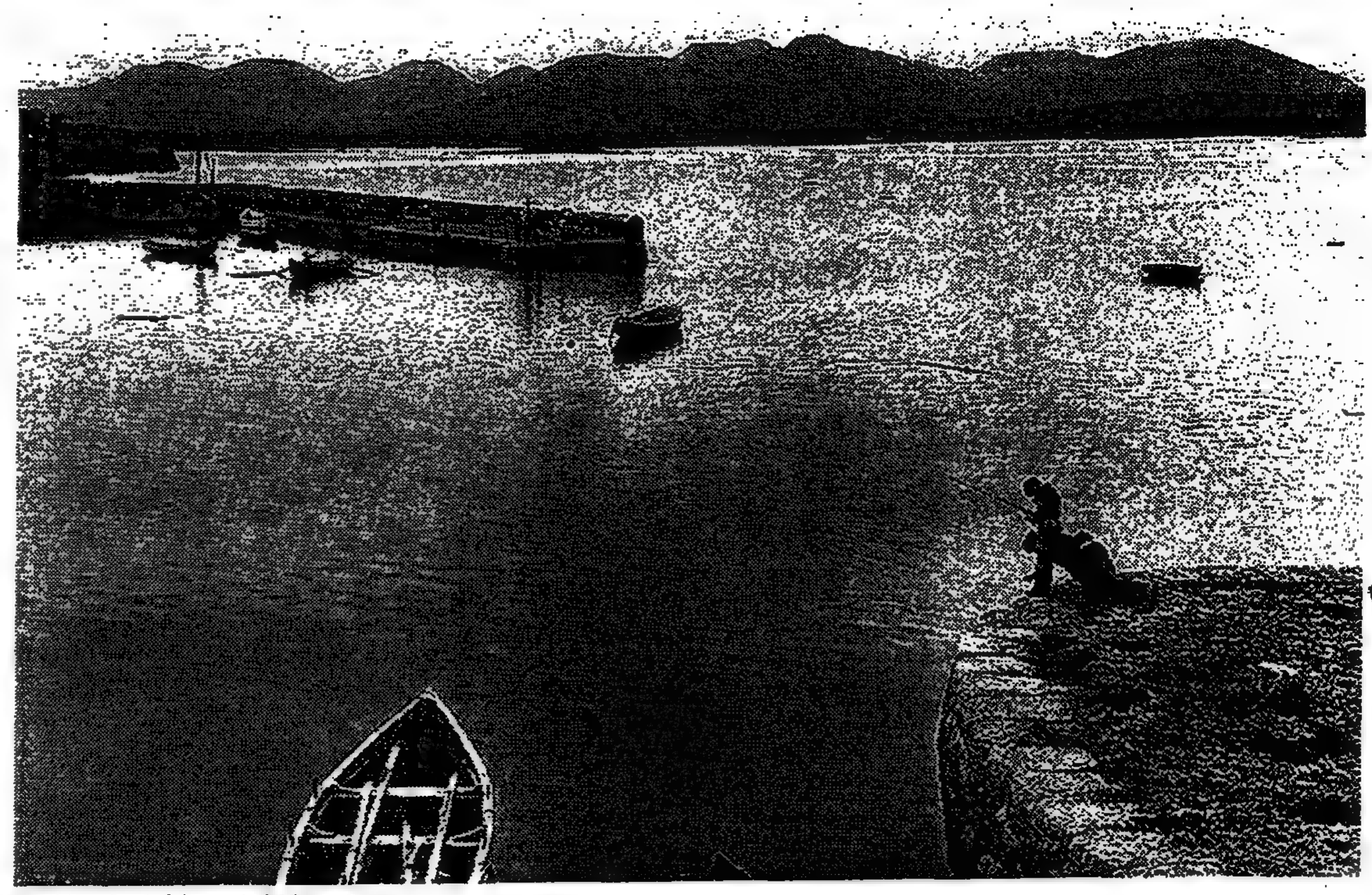
But they were not what I wanted. Where, I began asking around, feeling a complete fool, was there absolutely nothing going on?

On Clare Island in County Mayo, I was told, nothing has happened for years. Immediately I made tracks up the coast and abandoned my car at Roonah Quay, the little port that sits opposite Clare Island at the mouth of Clew Bay. The reports were right. The most exciting thing that happens around this part of mainland Mayo is the procession of bare-footed penitents up Croagh Patrick, Ireland's holy mountain. On Clare Island itself things are even quieter.

Four hundred years ago Clare was the domain of Grace O'Malley, a pirate queen who terrorised the Irish coast. These days the excitement is not quite as great, but the income is more regular. Like most of the 150 souls on the island, the O'Malleys – still the largest clan here – have discovered that EC subsidy payments to sheep-farmers are a surer bet than piracy.

This does not mean that the island has lost any of its local flavour; Brussels has a long way to go before it standardises life on Clare. When I stepped off the ferry at Clare's tiny port (one pub, one stone castle, three houses, one telephone box) I saw an old black London taxi ticking over at the end of the quay.

How civilised, I thought, and prepared to climb aboard. But no, on Clare only lobsters travel by taxi. The vehicle belongs to a local fisherman who prizes it for its capacious interior; inside were piled half-a-dozen large lobster traps. My own transport, a muddy great tractor driven by my charming young B&B proprietress, Maureen O'Grady, arrived a few minutes later.



Roundstone, County Galway: not a B&B vacant

What does one do on a small, isolated island that sits exposed to the full force of the Atlantic? Often one does nothing. I spent my first day drinking tea beside a coal fire and looking out at the gale that swept in from the open sea.

The wind moaned, the rain surged down the window-pane. It was the kind of weather that not even sheep enjoy. Further, along the shore-line, waves smashed into the high rocks, sending white spume flying.

But isolation has its benefits: it makes people sociable. Later the wind dropped, the rain let up, and I walked the half-hour back to the pub by the port. It seemed that every villager on the island was crowded into its smoky bar. There was the usual chit-chat and gossip of small communities. I talked with Seamus, Maureen's burly red-haired brother, about raising salmon on the off-shore fish farm where he works.

But sometime after 11pm, when most pubs have closed their doors, the band struck up and everyone under the age of 80 settled down to a proper session. Clare islanders like a bit of music, even Father Peter Gannon, whose impromptu late-night pub appearances have resulted in local fame and a cassette you can buy at the bar.

I did not stay hooting and dancing and emptying glasses of Guinness until 5am as Maureen and Seamus did, but I stayed long enough to talk to Michael Moran, retired island postman. With 30 years of professional island cycling behind him, he is sceptical of today's technology. "I met a German on a cycle tour the other day," he shouted at me over the pub din. "He told me his bike had 21 gears. I couldn't see the need. Mine went fine, and it had just two legs."

I should not have been surprised at his reply when I asked how best to get to know the island; I took his advice and the next day began walking around on my own two legs. I walked to the beach by the port and paddled about in glacial waters. I hiked over to the Bay View, the island's only hotel, ate fresh salmon and gazed across the water at Croagh Patrick.

On Sunday morning, like all the islanders, I made my way past the island abbey and a cemetery full of long-gone O'Malleys, O'Gradys and Morans, and went to mass. Father Gannon had abandoned the accordion for the cassock, and delivered a sermon on the need for spiritual contemplation.

As far as I was concerned he was preaching to the converted. My spirit had never felt more contemplative. My nerves were slowly unjangling, my senses no longer so jaded. I did not want to leave. I wondered if I could trade it in for 100 sheep, marry Maureen O'Grady and settle down by the sea.

Perhaps there was an opening for a postman. Or a lighthouse keeper. I could, with a bit of learning, play spoons for the musical priest. What they say is true. There is something soul-stirring about the west of Ireland.

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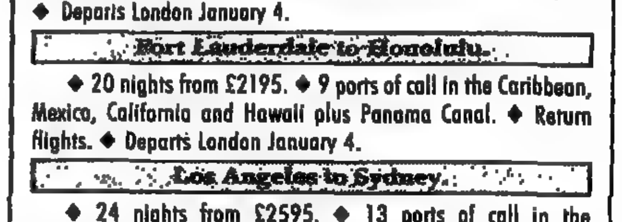

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TRAVEL

# Darker side of a dream trip

***William Pitt** found the back roads of Bali more terrifying than tranquil*

BALI IS a word that conjures up dreams. So says an old holiday brochure we have lying around the house. Having returned from Bali, I can vouch for its accuracy. Unfortunately, not all my dreams are pleasant.

To be sure, some are populated by tranquil Balinese, placing rice offerings for the gods at every door. Men and women are clad alike in bright sarongs and wear flowers in their hair. But there was nothing tranquil about the women from the village of Penelokan who rushed to surround our vehicle and thrust gaudy batik textiles up against the windows. Something close to desperation shone in their eyes.

My worst dream features three young men, their leader stripped to the waist and carrying a long stick, on a lonely road in the crater of a volcano.

It happened long after dark as we were leaving Toyah Bunkah, a spa village on the shores of Lake Batur, in north-east Bali. On the map the village had appeared the ideal place from which to climb Gunung Batur, the second most revered volcano on the island after mighty Gunung Agung to the south. But the visit had not been a success: Toyah Bunkah (which means *holy water*) had proved as mean as its setting was magnificent.

The batik sellers in Penelokan, up the hill from Toyah Bunkah, had given us a foretaste of the region. We had come from Ubud, a village whose wood-carving emporia and bungalow inns seemed to have crowded out the houses. But at least the people were relaxed. By contrast, the women of Penelokan made the gypsies who flock to wash car windscreens on the outskirts of Spanish cities seem shy and retiring. I later read that some garage attendants in Penelokan pull pieces off visitors' cars and then offer to repair them.

The fervour of Penelokan's batik sellers surprised but did not worry us. We were not planning to stay there, despite the splendour of the village's setting on the rim of the huge crater.

Our goal was Toyah Bunkah, down a steep and narrow road across an ancient lava flow. At the entrance to the village a uniformed guard demanded 500 rupiah (about 15p) per head "for the hot springs." We never saw the springs: litter blew down the streets and along the shore of the lake, sapping our enthusiasm for an outdoor bath.

Over the next three hours our disenchantment with Toyah Bunkah grew. The people were alternately surly and aggressive. The pie dogs were just aggressive. Loud rock music blasted from the Under the Volcano Homestay. The food in the only frequented *warong* (restaurant) was appalling. We returned hungry to our hotel – our guidebook called it the best on offer – to find huge cockroaches clambering over our luggage.

We had planned to climb Gunung Batur at dawn. But having shaken the roaches from our possessions we decided to cut our losses and leave town. It was about 10pm. I went in search of the hotel staff, a task made difficult by a sudden power-cut. There was no one to be found.

On the road out of Toyah Bunkah, just before it begins to wind, a red mini-van overtook our vehicle. Three men jumped out, their leader brandishing his stick. It seemed unlikely that they wanted to sell us batik. They may have come from the hotel, where we had left a note on the bed saying: "Too many cockroaches." Or maybe they were robbers. Either way, I decided not to argue with them.

They had omitted to block the narrow road with their mini-van. I drove up to the man with the stick, made as if to lower the window, slammed on the accelerator and drove on up the hill. A crash on the roof registered his annoyance.

They pursued us closely for perhaps 10 minutes, during which time our vehicle never got beyond second gear. The bends were very sharp, but the Toyota took them like a seasoned skier tackling a mogul run. My main fear was that a stray dog or pot-bellied pig might wander out in front of us.

At the top of the hill our vehicle's speed began to tell against the mini-van's. We high-tailed it back to Ubud where, amid the bungalow inns and sleeping gift shops, we felt secure.

Later we learned that the region around Gunung Batur has a poor reputation. For some reason the people did not seem to have come to terms with tourism as comfortably as most Balinese. Or maybe the region had always been lawless. Anthropologists attribute much of the cohesion of Balinese society to the cultivation of rice in terraced paddies, which requires close co-operation among villagers. But around Lake Batur there are no rice paddies.

Such explanations are rarely more than guesses. I do not know what made the people of Toyah Bunkah different from the people of Ubud. But I left Bali thinking that perhaps, for once, the beaten track offered the best views.

# Taking tea in the Sahara

***Rupert Wright** takes to the sands on an exhausting 1,000km journey*

MOROCCO has generally been the domain of the French traveller. As Lord Salisbury commented in the House of Commons in 1899: "We have given the Gallic cockerel an enormous amount of sand. Let him scratch it as he pleases."

The French are still there in force – on mountain bikes, in Renault 4's, even on foot, though their rule ended in 1956. They still treat it as a colonial playground, rather like the South Africans treat Botswana.

Eight of us set off in two Land Rovers, with local drivers and a guide. Our luggage and camping equipment was loaded on to roofracks. The plan was to drive from Marrakesh to the Sahara, camping on the way, then back over the Atlas mountains.

It is important in a party of this size (most of whom had never met) that everybody gets on well: two bottles of Scotch between us and a bottle of red wine each on the first night ensured that if there had been any flickerings of animosity, we were unable to remember them.

First stop was the Glaoui casbah of Telouet, a castle set in a green valley among brown hills. The Glaouis used to rule southern Morocco, and owed much of their fortune to the patronage of the French. With the return of King Hassan II, their lands were forfeited and their fortunes seized.

The casbah has been derelict for less than 30 years, but already the walls are badly cracked and the chimneys falling down. Inside there are still three rooms full of intricate tiles, kept locked by a guide wielding a 1ft-long key, who dreads the final eclipse of the casbah as it will rob him of his livelihood. In the meantime, it makes an impressive ruin. We had a fine lunch in the gardens and watched a family of storks soaring above us.

When you camp for the night, you realise how little of the country you see motoring through villages at speed. One evening we stopped at what looked, from the road, an innocuous spot near a river. As the tents were pitched we were free to explore for an hour before dinner. We discovered an oasis of small walled fields – wheat, maize, peas and broad beans, with palm trees along the hedgerows. The inhabitants were friendly enough, but shy. The women weeding would wave, then run away if we approached.

From the comfort of a four-wheel drive vehicle the Sahara, at least at its edges, is not that daunting. The countryside is often quite rocky: one day's drive was like going round a gravel pit. In the afternoons we would gather in a large tent and play bridge while the guide and drivers cooked chicken soup or lamb kebabs. As it grew darker, camel spiders would enter the tent. We stamped on them.

In a room in a house in a small village marooned 100km from anywhere we sat on rugs while a village elder brewed mint tea on a gas stove. The air was thick with flies. Five times he poured it out of the tea pot into glasses, then back into the tea pot. Then he added more sugar. It tasted like very sweet washing-up liquid.

When the wind blows in the desert, visibility falls alarmingly, even during the day. It is then that you are glad to be in a vehicle, and not on foot or camel. One evening we were due to camp among the largest sand dunes in the world at Merzouga. There was nothing to see of the sand dunes, although we could taste and feel them. We cruised past a man on a bicycle, blown by the wind but seeming to make no progress.

A French-style inn called the Auberge du Casbah served us long cool glasses of orange juice. In Erfoud we stayed in a hotel for the first time in three days, and were able to wash.

After the desert it was a relief to head for the clean cool air of the High Atlas mountains. At the foot of the Todra Gorge, where the view is most exciting, are two small basic hotels. Next morning for the first time most of us had food-poisoning.

Two hours' drive away is the Dardes Gorge, which boasts an outcrop of phallic rocks. We picnicked under a walnut tree. Gradually a number of small children crept up on us, although they hid every time we pointed a camera at them. The final drive was over the Atlas to Ouarzazate, with the drivers happy to be going home and the guide entertaining us with tales of illicit liaisons with western travellers.

We had covered over 1,000km in a week. For some of the party this had been too much motoring. But the sight of the stars in the Sahara and the view from the top of a 300m-high sand dune, with Algeria away to the south and a single track leading north to the horizon, were reasons enough to visit the desert.

■ *Among specialist tour companies, Worldwide Journeys & Expeditions of 8, Comeragh Road, London W14 9HP (tel: 071-381 8638) organises Land Rover safaris in Morocco. For a 10-day round trip from London to the Sahara and High Atlas, prices start from about £850 per person.*

The new capitalists: a watch salesman plies his trade on Prague's historic Charles Bridge

Universal Pictorial Press

# Under Prague's historic skin

***Christian Tyler** gets to the heart of the Czech Republic's multi-faceted capital*

PRAGUE from the air looks less like a capital city than a smiling country town to which a thoughtless 1950s planner has added overspill housing estates.

In approaching this city, one of the great spectacles of Europe, one can choose instant gratification by ignoring the suburbs and plunging directly into the antique beauty of the Old Town. Or one can give Prague her due and savour the greater pleasure of unpeeling her, slowly, like an onion, from the outside.

We had arranged to rent rooms in the suburban flat of a former Czech diplomat in expectation of a privileged introduction to the place. But his wife fell ill, the substitute apartment we were offered was too far from Metro and tram stops, and we ended up in a self-contained flat in the eastern district of Žižkov – conveniently close to the city's best tram route, the Number 9.

The area was poor, the building was a grey 1930s block and music blared from behind the first door on the dank stairwell. But the flat itself, though plain by our standards, was big, clean and newly-decorated with bathroom tiles of a trendy *toad's-belly* design. I wondered if the landlord, a Mr Hranicka, ever lived there.

It was unfamiliar but homely. We could watch the neighbours dressing and cooking in the flats opposite. A blackbird sang from the roof by day and the local drunks serenaded the street by night.

Although the view from the windows was limited, from Žižkov we commanded, thanks to the Number 9 tram, a fine historical perspective of Prague. The tram picked us up in the grim neglect of post-war Communism, trundled past monuments of the city's industrial heyday in the 1930s, descended past the late-empire merchants' offices and deposited us near the gothic Powder Tower at the entrance to the old city.

Prague's preservation owes a lot to the shame of Munich when Chamberlain and Daladier allowed Hitler to begin his eastwards expansion. What Hitler lost is today being peacefully reclaimed by German tourists and investors. The Czech Republic feels already part of western Europe (and one trembles for the future of its incomparable beer). I saw only one ugly reminder of the past, the words *wir kommen wieder!* scrawled on a wall. There are other reminders outside the city, such as Terezin, the former Theresienstadt concentration camp for Jews.

The old city is crammed with tourists – it must surely soon overtake Amsterdam as Europe's hippy mecca – but has a carnival gaiety about it. The arena bounded by the theatrical facades of Old Town Square has become a vendors' market and circus. Some of the attractions are ingenious: boys were forging souvenir swords on a portable furnace; an animal trainer had terriers with ruffles round their necks jumping through hoops; a ferret stared out of an old mortar casing carried by an unshaven type in battle dress – presumably he was a central European exponent of the well-known Yorkshire virility test.

*'The Czech Republic feels already like part of western Europe'*

If the old town can be claustrophobic, at peak periods the famous Charles Bridge is suffocating. The western youths who come to live and busk in Prague strum drearily on their guitars (sample from one monotonous troubadour: "Just because you're going forwards doesn't mean I'm going backwards . . .").

They are outclassed by the native musicians: brass quartets, baroque ensembles, Dixieland bands, dulcimer-players, flugelhornists. Even the little old man scraping a violin while his wife kept time with a stick-shaped tambourine was putting his back into it.

Indeed, though architecture is Prague's glory, music is its connecting theme. The sound of string-players tuning up drew us to the Chapel of Mirrors where we were able to watch a rehearsal before running round the corner to take in a choral concert in the dusty gloom of the Tyn Cathedral. Even the muzak in the restaurant where we dined that night (the excellent U Plebána in Betlémské square) was classical muzak.

Architecture and music come potently together in the Tyl theatre, built in 1780, where Mozart conducted the première of *Don Giovanni*. It is a handsome, sideways-on building, recently restored and now a playhouse.

Understanding no Czech, we paid our homage to Mozart by booking in, somewhat doubtfully, for a surrealist version of *The Marriage of Figaro* in a scruffy hall near the top of Karlova Street. We were not disappointed. As with the buskers and the souvenir-sellers, we were forced to marvel at the inventiveness of the Czechs. The opera, given in full, zipped along with an orchestra of 12 players; the singers were of conservatoire standard and the shoe-string production was farcical, ingenious and witty.

It is as if the Czechs are still celebrating their release from the old regime (independent Slovakia has less to crow about) and westerners are welcome to the party. If you have not yet seen Prague, you should – and soon, too, before the hustlers and the crowds take all the fun out of it.

■ *Christian Tyler travelled c/o Cedok, 49, Southwark St, London SE1 1RV, (tel: 071-378 6009) which offers three-night visits, including flight and flat, at £329. Check for other packages. Czech Airlines, 72, Margaret St, W1 (tel: 071-255-1898) is offering flights at £169 return, departing Tuesday, Thursday, Saturday, returning Monday, Wednesday, Thursday. Self-contained flats or rooms with families can be booked on arrival.*

Skiing/**Arnold Wilson**

# The bear necessities of Aspen life

NOW THAT winter is almost here and the first snows have dusted America's magnificent Elk range of mountains with a fresh white mantle, Aspen's townsfolk are breathing a sigh of relief. The bears are about to begin their big sleep. Guests can now sleep easy in their beds, too.

Last April 1, telephone calls about a bear on the lower half of Ajax Mountain in Colorado during ski-racing were at first dismissed as an April fool's joke, until someone actually saw the bear padding up Spar Gulch, one of the resort's most popular ski trails. It had been hibernating in an old mine-shaft and – perhaps roused by the sound of the race tannoy – had woken up early.

It was to be the first of many bear-sightings in the Rockies' most famous resort, many riffling through dumpsters and exploring garages. In Crested Butte, just across the Elks, a jogger was joined by a bear for his morning run. It chased him down the mountain track. Fortunately he was able to out-run it until he reached the sanctuary of the town.

Then, in May, the unthinkable happened: in the middle of the night a bear swaggered into the grounds of Aspen's newest and most prestigious hotel, the Ritz Carlton, and took a dip in the swimming pool. If the news leaked out, the hotel reasoned, there would have been panic which could have sent its pampered guests running for cover. *Not* good publicity.

The bear's bloodied footprints were spotted at daybreak by a security man. The security camera was played back; sure enough, there was the shadowy figure of a substantial brown bear lowering itself into the water. It was timed at 3.40am.

The bear swam around for 12 minutes and then – in its struggle to get out – damaged a foot with the claws of the other. Hence the trail of footprints. The pool was drained, cleaned and refilled, and the story was hushed up – until weeks later, when the news leaked out. Far from driving customers away, the story raised the hotel's profile.

Is it bears or people who are the problem? "Some people try to attract bears so they can watch them," says the Colorado Division of Wildlife (DOW). "That's like free ice-cream to the bear. It starts poking around the house and the people call us and want the bear removed."

According to the authorities, people – including holidaymakers – need to realise they are living in the bears' backyard. "People move here to appreciate nature and enjoy the wildlife, yet they worry every time a bear walks through their backyard," says Mike McLain, the wildlife supervisor in Telluride, another famous Colorado ski town. "They have to take some responsibility for their choice of living here. Yet every time a bear turns up, they ring us and ask us to remove it."

With the bears safely out of harm's way, Colorado can get on with the new ski season. Breckenridge, the favourite resort for British skiers, has been sold by its Japanese masters and gobbled up by Ralston Purina, which manufactures dog food among other things.

It also owns the rival resort of Keystone and Arapahoe Basin. Ralston now owns every resort in Summit County's "Ski The Summit" alliance except Copper Mountain. Will it go for the grand-slam? Aspen, too, has been buying up the opposition: after years of being a small but irritating thorn in Aspen's side, the maverick resort of Aspen Highlands has finally fallen into its famous neighbour's clutches. Stand by for ski wars: Aspen's four mountains *vs* Summit County's 10.

Also stand by for another heroic British performance in Aspen's 24-hour endurance race for charity, in which racers in teams of two spend all day and all night launching themselves down Aspen's steep cruising trails at speeds approaching 90 miles an hour, completing serial descents in around two minutes 30 seconds. Does anyone know – or care – that two British skiers, Malcolm Erskine and Mike Jardine, astonished everyone in town last winter by coming fourth?

The racers can only take 12-minute rests each time they return to the top of Ajax in the Silver Queen gondola, and towards the end of the marathon some of them start hallucinating: pink elephants and catfish were mentioned.

The idea of Brits coming to Aspen, skiing the mountain 80 times in 24 hours and seeing off a lot of European and North American skiers is almost too good to be true. This year the self-effacing Erskine, once in the British ski team, is coming back with a new partner, Mark Blyth, a former British junior champion, for another attempt.

Perhaps if more young British skiers took advantage of free skiing in neighbouring Crested Butte every year – the only resort in the world I know of that offers free skiing before Christmas – we would have promising young racers in greater numbers. This winter Crested Butte is going one better. The resort is offering beginners taking its "Quick Start" courses their money back if they are unable to ski from the top of the Keystone lift to the bottom.

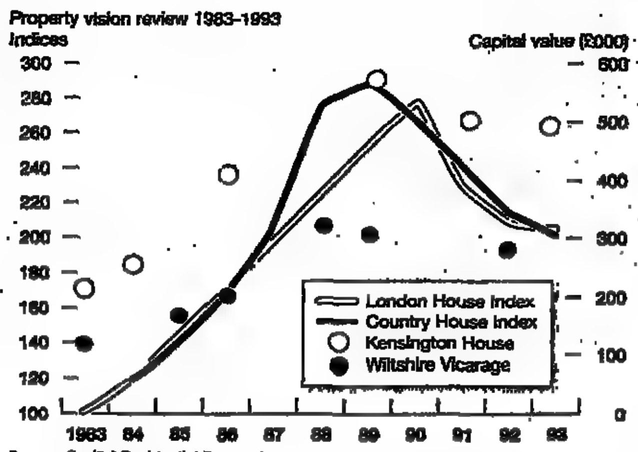
■ *Arnold Wilson's visit to Colorado was organised by Ski The American Dream: 1/7 Station Chambers, High Street North, London E6 12JE, tel: 081-552 1201.*

PROPERTY

State of the market

# Rise in sales lifts hopes of recovery

**Prime house prices in London and the country**



Source: Savills' Residential Research

SLOW RECOVERY continues in the housing market. The Corporate Estate Agents' Property Index, collecting data from 4,300 offices, reports that while August saw the expected holiday downturn, completed sales were 47.5 per cent above those of August 1992.

Admittedly, that was an unusually inactive month, as former chancellor Norman Lamont's holiday from stamp duty had just ended. But it is still a large increase and suggests that confidence is returning steadily.

House prices, whether measured by Nationwide or Halifax at the lower end of the market or Savills at the top end, are still below levels of a year ago despite small increases in recent months. For Nationwide, the average house cost in September of £53,149 was 2.5 per cent down on September 1992 and 2.5 per cent up on January 1993. These sums show how modest the improvement is.

The Savills' figures, computed up to June, average £321,606 for a house in the country (down 2.9 per cent on 1992) and £516,510 for a town property (down 2.3 per cent).

Large price increases in London tend to be the exception, says Paul Raymond of Chestertons Residential; he notes that prime properties in Kensington have risen as much as 10 per cent since the year's beginning. Sales to foreigners are largely responsible.

For the British, lower mortgage rates and higher disposable incomes for most people in work have made houses at their most affordable in 20 years, according to Savills, while Nationwide estimates the house price to earnings ratio at 2.95 and Halifax at 3.4.

Any further cut in interest rates would make houses more affordable still, probably without causing major price increases. But, having been burnt in the aftermath of the 1980s' boom, buyers are wary of over-borrowing again.

*G.C.*

Poetry in brick, timber and stone . . . Field Place in West Sussex where Shelley was born. Price: £2.5m from Jackson-Stops

Cadogan's Place

# Black Wednesday's positive side

PROPERTY Vision's review of the market, issued to celebrate the firm's first 10 years, sees an almost-biblical cycle of seven years' growth followed by three of recession. The 1980s' property boom brought wonderful business for the developers of new homes; the gentrification of outer-central London (Battersea, say, or Islington); and an extraordinary *demand for country houses (met partly by barn conversions) and farmland.* Money from selling houses in London, often to foreigners, fuelled the rush to the country, where prices spiralled to unrealistic levels.

The collapse in 1989 was fast as talk turned from "gazumping" to "negative equity." Sellers could not believe the fall and held out for prices which buyers would not (and still will not) pay. Agencies crumbled through lack of business. But the Black Wednesday devaluation of sterling brought manna from heaven. Foreigners came to London and bought, once again releasing people eager to buy in the country – if only there were houses for sale.

The trend is upward, Property Vision says, but not sharply so. Selling a four-bedroom house off Kensington High Street in west London buys *an old vicarage in Wiltshire, with money to spare for re-decoration.* The graphs for such prime properties have run in tandem, except that houses in the country rose faster and peaked earlier late in the 1980s than those in London.

The situation is back to when Property Vision was founded in 1983 as a way to find good houses and negotiate reasonable prices for buyers at a time when all the advantages lay with vendors and estate agents. Now, buying and re-location agents are as established as estate agents. The firm's latest success has been to buy the Easton Grey estate in Gloucestershire for around £4m, quietly, before it came to market. The vendor's agents were Knight Frank & Rutley.

* * *

RENTING flourishes in today's market, thanks to the security for the landlord of assured shorthold tenancies and the hesitation, first, of purchasers to buy and, now, of vendors to sell. Cluttons London Residential estimates that a 10 per cent yield is feasible on good London properties but adds, wisely, that it is better to forego the last £20-30 rent a week than lose a good tenant.

In Hampshire, John D. Wood (0962-842 4742) is offering Tichborne *Park near Alresford. This property* has a lake and moat fed by the River Itchen, plus a butler/chef and gardener, at a guide price of £5,000 a month.

* * *

THE *AUTUMN CROP* of houses for sale suggests that, at last, potential sellers are acting, perhaps unable to delay their own moves for another year. If it is an interesting property, they can be sure of many buyers' interest. In Scotland, Knight Frank & Rutley in Edinburgh (031-225 7105) is selling the lightkeeper's houses at St Abbs Head, Berwickshire, for the Commissioners of Northern Lighthouses: a cottage, two flats, outbuildings, walled garden and no end of bird life. Offers over £90,000 for a twitcher's delight.

Near Stranraer, in south-west Scotland, the price of Lochnaw Castle – for more than 600 years, the seat of the Agnew family – has been cut from £475,000 to £250,000, for a quick sale. The agent is Savills (031-226 6961) and the vendor is the Lochnaw Castle and Estate Trust, set up by an Australian branch of the family to restore the castle. But funds are short and the vendor hopes the buyer will complete the job. The castle comes with a loch producing 400 trout a year, 200 acres *of woodland, and a walled garden* built for therapy by soldiers recovering from the wars with Napoleon.

* * *

ONE FOR sailors: Dolphin House, a fine nautical property between Cowes and Ryde on the Isle of Wight, is on offer for over £380,000 from Humberts (071-629 0909) or Christopher Scott in Newport, Isle of Wight (0983-721778). It has its own inlet from the creek with mooring, slipway, pontoon, boat store and workshop.

* * *

ONE FOR the green-fingered: a substantial house at Sissinghurst, Kent, where Vita Sackville-West made her great garden at the castle (now owned by the National Trust). Knight Frank & Rutley in Tunbridge Wells (0892-515 035) offers the Court on the edge of the village, a half-timbered and brick house dating to the 17th century.

Included are a cottage that was once a chapel, a barn (which the vendors, Judith and Martin Miller, who publish the *Antiques Price Guide*, have made into offices) and five acres. *For £495,000, here is the chance to* create a garden to rival that of the neighbours.

* * *

THE NORTH-WEST offers more house for your money. Jackson-Stops (071-589 4536) is selling Netherby Hall in Cumbria (and almost in Scotland). *Listed Grade II, and mentioned in the* writings of Sir Walter Scott, it began as a medieval tower house – for many centuries, the best way to survive on *the Scottish borders* – and is now a confection of 17th, 18th and 19th century styles.

It has a Scottish baronial entrance tower, fine Georgian doorways and plastered ceilings, and 17th century panelling that is probably Flemish. For £850,000, you get the house, two cottages and 32 acres.

* * *

THE BIRTHPLACE in West Sussex of *the poet Shelley is available for £2.5m* from Jackson-Stops. Field Place near Horsham (and Gatwick airport) is listed Grade I. The house is a handsome, late-17th century brick facade on typical half-timbered Sussex construction with a wing built in stone. Shelley was born there in 1792.

Its immaculate recent restoration revealed a great hall and won a Europa Nostra award last year, while its *217 acres include a lake.* Among the outbuildings are a 15th century barn, Tudor stables, and two "17th or 18th century hovels."

*Gerald Cadogan*

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OUTDOORS

# A garden of unearthly delights

*Patricia Morison visits Scotland's antipodes – the Logan Botanic Gardens in Edinburgh*


Palm trees in Scotland: warmed by the Gulf Stream they flourish in botanical gardens in Edinburgh

STRANGE AND monstrous plants flourish at Logan Botanic Gardens, Scotland's subtropical paradise. Logan belongs to the Royal Botanic Garden, Edinburgh, but it is lies far to the west in the centre of the poetically named Rinns of Galloway. A mile to the east are the gentle waters of Luce Bay; to the west is the Irish Sea. Getting to Logan is an expedition (Stranraer is the nearest town), but worth it for a garden which is a plantsman's paradise.

Walking under the famous avenue of Chusan palms, sniffing the leaf of a 20-year-old lemon verbena growing in the open, you pinch yourself to think that this is Scotland. If it seems too far-fetched, think instead of Ireland. Galloway, too, is warm and wet, a pastoral landscape where the air is deliciously relaxing and smells of muck. As in Ireland, hedgerows at shore level are bright with the orange gold of crocosmias. This summer, there were even escaped white daturas growing wild on Glen Luce Bay.

Logan's soil is sandy and slightly acid; rainfall is high, an average 40ins and fairly from month to month. Because Logan is warmed by the Gulf Stream, chief curator Barry Unwin and his team can grow plants out of doors all the year round. Such tender specimens as myrtles and trachelospermums flourish at Logan, which provides a home for the rarities brought back by the Royal Botanic's plant-hunting expeditions to the southern hemisphere.

Lashing salt-laden winds were always Logan's enemy as well as rare but devastating freak periods of icy weather such as occurred in the winters of 1962 and 1978. As years pass, Logan's protection grows denser with its outer shelter belts of spruce and pines, and behind them attractive groves of pittosporums, griselinias, and olearias, New Zealand daisy-bushes.

Two hundred years ago, according to a local historian, cheap foreign labour gave the garden at Logan its first really stout barrier against the salt spray. French prisoners taken in the Napoleonic wars were apportioned to the great houses of Scotland. The McDoualls of Logan, settled in the Rinns since 1300, set their unfortunate Frenchmen to work with a vengeance.

Down at Port Logan, the prisoners excavated a huge saltwater fishpond to provide the McDoualls with fish for the dinner-table. From the granite spoil they erected the massive, pink walls of the Walled Garden. Like other 18th century lairds fortunate enough to live in Scotland's mildest regions, the McDoualls were already doing nicely from sales of fruit and vegetable. Thanks to the fortunes of war and higher standards of living, they proceeded to do better still form their working garden.

The exotic place we see today is the creation of two generations of McDoualls passionate about adventurous botanising. Agnes McDouall and her two sons, Kenneth and Douhlas. They contributed funds handsomely to the great botanisers of the last century, Forrest, kingdom Ward, Farrer, and Ernest Wilson, and took their reward in plants – magnolias, rhododendrons, the famous tree-ferns and Chusan palms. A good number of the specimens they planted still survive.

The brothers themselves went on expeditions. They brought back species like primulas and meconopsis, and invented the peat bed technique for growing them in acid-free, moist, conditions. When next I go to Logan, it will be in late spring to see the meconopsis whose blue brilliance is, they claim, finer at Logan even than at the Botanics in Edinburgh.

The McDouall brothers' failure was to perpetuate their own line. Logan passed to a cousin, then to Sir R Olaf Hambro who greatly restored the gardens. On his death in 1969, most of the garden was handed over to the nation.

So although fairly new as a botanic garden, Logan has its historic pedigree and no other can beat the romance of its setting. Dominating the Fenchmen's walls is the ruined medieval tower of Bailzieland where the McDouall lairds had clung grimly on through a murderous 15th century.

Beneath, in the Walled Garden, high summer under the huge tree-ferns, Dicksonia antarctica, always sees a magnificently colourful display of semihardy and tender perennials.

The Edinburgh garden introduced South African diascias to British gardens, so you find them in abundance, together with turquoise felicias, argyranthemums, tawny vendidiums, verbenas, and several dozen different tender sages. This is the part of the garden to gather ideas. For the rest, the walls, terraces and wooded slopes are the place to marvel at rarities and pine for plants which, short of emigration, one will never grow.

In late summer, Fascicularia bicolor develops huge rosettes of pillarbox red with a silver centre and lilac-flowered middle, the plant world's answer to the baboon's bottom. Monstrously tall variegated phormiums send up 18ft spikes of flower on stems as black as coal. They are overtopped with ease by the drying flower heads of the incredible echiums of Madeira.

Strange fuschias disconcert as well as delight. Tiny yellow-flowered blooms point purple stamens up from a 2in procumbent New Zealander. If ever there was a nightmare plant it is Fuchsia excorticata which pushes its purple blooms straight out from the suppurating brown bark of stems thick as a tree.

No child will forget the Gunnera Bog with its monstrous leaves looming 20ft tall and 10ft across. No adult will forget the splendour of a scarlet-flowered metrosideros Umbellata, a New Zealand Christmas tree, in full bloom.

■ Logan is Scotland's antipodes, its garden of unearthly delights. There is something to see all the year round, and probably something you will never have seen before on these shores. From October 31 to March 14 you must ring to arrange a visit. Tel: 0776-86231.

Country note

# Harvest home

THE HARVEST mouse is Britain's smallest rodent, a tiny scrap of a thing weighing little more than a 20p coin. It is only about the same size as a pygmy shrew and, like the shrew, it has a high metabolic rate in order to maintain its body temperature.

The ratio between its body mass and its surface area is 4.8, very high when compared with, say, a 30gm wood mouse which has a ratio almost half that at 2.5. Because it loses heat so rapidly, the harvest mouse eats a large amount of food, up to 30 per cent of its own body weight daily - almost as much as the wood mouse.

Traditionally harvest mice are pictured feeding on the ripe ears of wheat but, while their diet does consist of seeds and fruit at certain times, they also feed extensively on insects, occasionally on birds' eggs and even on each other.

The harvest mouse habitat is generally thought of as corn fields and these supposedly scarce mice were reputed to have suffered a further decline when combine harvesters were introduced. In fact, they are distributed widely throughout England with local strongholds in Scotland and Wales.

In some locations they are considered common although numbers can fluctuate markedly from year to year. Furthermore in spite of combines, they appear to breed successfully in corn.

A safer alternative, however, and one used by many harvest mice, is to live over water. These gingery white-bellied mice have tails with a prehensile tip and, equipped with this safety line, they clamber about happily in grass and reeds, their slight bodies hardly flexing the stems, and so they rarely need to come down to the ground during the summer.

They construct their round nests from the living leaves, shredding each into thin strips and then weaving a ball from these. Thus for some time the nest stays the same colour as the plants from which it is built and cannot slip down the stems.

In the autumn though, when the population is high, the dying reeds become untenable. As water levels rise they disperse to their underground winter quarters. At this time, harvest mice fall prey to barn owls and other birds.

The mice breed rapidly, especially in captivity, and their small size and frequent periods of activity make them most attractive. The progeny of an original pair of harvest mice may be passed on to interested friends to establish colonies.

*Michael Woods*

Fishing/Tom Fort

# Farewell to a legend

I HEARD some sad news in Ireland recently. I heard it in a suitable place, beside the finest and most challenging trout river in the land, the Suir in County Tipperary.

It was news of a man who had, in a quiet, unintentional way, made himself a legend of that river. We had driven to Cahair from the Blackwater seeking respite from a fishless hours after salmon (that evening as the angelus sounded from the little chapelin Killavullen, I was to hook the only fish of the trip, and after a minute or two lose it , and taste a despair which is with me still).

We strode through the meadows downstream from Swiss Cottage, the pleasure house built by the Charteris family to decorate their estate. Beside the broad water was a tiny figure, that of a Frenchman, an old friend of my friend Niall, and a man with a deep, sustaining love for the Suir and its discriminating trout.

Jean Pierre embraced Niall, and shook my hand warmly. Then he told us that Liamy Farrell was dead, and the early autumn afternoon at once seemed a little greyer and more chill.

Liamy was a big man, with short-cropped white hair over a rubicund face. Many years before any of us had known him, he had been employed (there was doubt as to whether work was the right word) for the Post Office. He had had an accident and been invalided out of the service with a disability pension and a limp which did nothing to inhibit his sprightly progress up and down the river.

The Post Office's loss was much to the benefit of the Suir and its fishermen. Liamy gave to the river as he took from it, fiercely defending it against those he identified as its enemies poachers, polluters, rough types from Cork and for many years acting as a highly conscientious secretary for the Cahir Angling Society (from which tickets to fish many miles of water can be had absurdly cheaply).

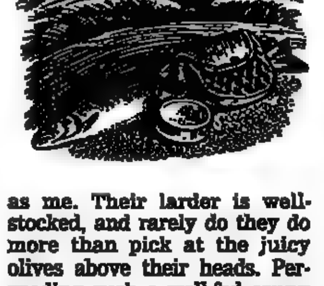
Although Liamy occasionally strayed as far away as the Blackwater, the Suir was his passion. He had a genius for water, to a degree I have only encountered in one other fisherman; and he, too, was an Irishman.

Through his almost daily communion with the river, Liamy acquired an immense knowledge of its weed-rich depths, blessedly abundant fly life, and its teeming trout.

Even more remarkable than his watercraft was the way he chose to fish. I have never seen anything to match the Liamy Farrell technique. The man had only one rod, and it was not a thing of beauty: a severely functional glass fibre spinning rod which looked as if it could have subdued a smallish shark.

With it, Liamy spun for salmon and trout, and wormed for salmon and trout. And with it he also contrived as quiet and elegant and efficient a presentation of a dry fly as I have ever witnessed.

The trout of the Suir demand a finesse which is beyond such



as me. Their larder is well-stocked, and rarely do they do more than pick at the juicy olives above their heads. Persuading such a well-fed canny creature to take an artificial seems more like magic than skill.

It was beyond me again that afternoon, as on so many before. You must present the right fly in the right size delicately, without drag, again and again, as often as not in a fierce downstream wind ; and keep at them, until a fish rises at last, and you miss him, or he breaks you.

It is testing stuff, and brings home to you in a way unimaginable with the bloated, slow-witted stockies of the English chalkstreams wherein lies the true art of the dry fly.

Day in, day out, Liamy limped tirelessly up and down that river, duping those epicureans with the wispy little flies which he ran up in the shed at the back of his council house. And as his fame spread, so did he gather a band of disciples, youngsters who fished Liamy's way, employing their ten foot spinning rods with the delicacy of a wand. It was as if a great golfer had opened a coaching school, at which pupils were encouraged to use croquet mallets rather than clubs.

And the disciples caught fish, although not so many nor as big as Liamy did. He was a quiet, slightly secretive man, parsimonious with information about the scenes of his triumphs; ever modest and self-deprecating in his soft, murmuring Tipperary accent.

At the end of April, Liamy caught a wild brown trout of 6¾lb on one of the bends below Swiss Cottage. Within a month he was dead.

The mass of trees along the river were coming into leaf then, and when we were there they were just turning, showing autumn's gold. Beneath, the Suir ran as clear and bountiful as Liamy Farrell would have wished to remember it with those damnably difficult trout still rising merrily away.

# A bird in the box is worth...

A GHOSTLY white bird floating across the road in the dark just glimpsed in the headlights is the only view many people have of a barn owl.

Sadly for many owls it is their last sight of anything as, with their eyes blinded by headlights, they crash and perish. But road verges are one of the few hunting grounds left to them, especially in arable areas where hedgerows have disappeared. There, in rough grass, barn owls can find the voles and mice they need to survive.

For over half a century, barn owls have been in decline in Britain as their food habitats and their nesting sites in old buildings have disappeared. For almost the last 20 of those years it has become increasingly popular to breed these owls in captivity and to release their progeny into the wild.

Owls have been farmed out to individuals who felt they were doing something positive for the survival of the species. After all, these rather ugly, large-beaked, fluffy young, with their far more beautiful, speckled-plumaged mothers, were living proof of the conservation effort they were making.

But it is now known that this is far from the case. According to the Hawk and Owl Trust, some 3,000 young barn owls are released each year – when the total wild population is only 4,500. If all that was needed were more owls, then you would have expected a population explosion. But this has not happened, for young birds, bred in captivity and inexpertly released, are pathetic at adapting to the wild.

The British Trust for Ornithology suggests that only 10 per cent survive and it doubts that captive-bred barn owls have boosted the wild population at all. The real problems – food and lodging – were being missed.

The lack of nest sites is simple to deal with – erect an owl box. The big difficulty is the lack of rough grassland. It is the need to increase this habitat, and hence the number of mice and voles which live there, which has been such a problem.

The recent changes in agricultural policy, leading to the establishment of schemes such as set-aside, together with the extension of Environmentally Sensitive Areas, could see the restoration of many acres of rodent rich grassland.

The need for funds to monitor this work, in order to better advise and plan for the future, is the basis of a new appeal from the Royal Society for the Protection of Birds.

With more food available, captive-bred barn owls may survive better after release. On the other hand, with its basic needs attended to, the existing wild population may grow unaided and captive breeding can cease.

*Michael Woods*

# Recession puts damper on corporate aid

*Companies are being courted as never before, says **Antony Thorncroft**, but money is not easy to come by*

THE BRITISH government is threatening to cut back on its financial support for the arts; hard-pressed local authorities are finding it difficult to maintain their funding; and box office receipts have been hit by the recession. In this triple whammy for the administrators of the nation's arts companies and venues, there seems one possible saviour - the corporate sponsor.

Sponsors are being courted as never before but, unfortunately, business is none too prosperous. Companies which are closing factories, reducing staff levels, freezing dividends and fighting to re-build profits are not in the strongest position to increase their commitment to arts' sponsorship.

Colin Tweedy, director-general of the Association of Business Sponsors of the Arts (ABSA), expects that its annual audit, to be released in November, will reveal a standstill in sponsorship spending for 1993. A year ago, sponsorship in the UK was estimated at £64.4m, showing a 14 per cent rise in the year.

The figures disguised a remarkable switch in funding: direct sponsorship had leapt by 28 per cent to £57.5m, while money invested in corporate membership schemes had fallen by 37 per cent to £7.8m. Obviously, companies cut back on entertaining – on the seats at opera houses, theatres and concert halls that were not always used efficiently – while still believing that funding arts events was worthwhile, despite a recession.

Few companies wished to endure the embarrassment of withdrawing from sponsorship commitments; and while certain traditional supporters – prominent among them the banks, insurance companies and oil multinationals (with NatWest, Royal Insurance and BP as representative cases) – froze or reduced their arts budgets, there were enough new sponsors, or committed backers, to keep up the good work.

Companies sponsor the arts for three, not necessarily compatible, reasons: as straightforward patronage, with Marks & Spencer an obvious example; for entertainment' opportunities (an area where Digital has succeeded wonderfully, making contact with most of its earmarked prospective customers, usually at sponsored dance events); and as part of a public relations and marketing exercise (most typically, in brands like Becks Bier, Haagan-Daz and Levi which want to improve their appeal to an affluent youth market by sponsoring trendy arts events).

The balance between the differing motivations is changing, though. Old-fashioned patronage is declining as a prime factor: even M&S is not averse to some public appreciation of its generosity. Entertainment will always be important (look how easy it was for Glyndebourne to raise £33m, mainly from business, for its new theatre) but the driving force behind sponsorship in the past year has been the marketing man.

To justify spending the money to boards, shareholders and workers, arts sponsors have to make out a case – and sponsorship as a means of improving corporate or brand image, or actually boosting sales, is the most effective case.

Of course, many sponsorships still are determined by the enthusiasm of the company chairman for a particular art form, but the power of the marketing men is growing. Even the UK's biggest sponsor, BT, watches closely the media coverage of the events it fructifies with its £1.8m. annual spending. When the South Bank's national touring exhibitions of art, a £1m investment over three years, failed to get the publicity expected, BT paid for extra PR help. Its sponsorship is community-based and anti-elitist - it supports amateur theatrical and music societies - but BT needs its credits.

The marketing thrust of arts sponsorship is more visible through the increasing interest shown in promoting brands, and the evaluation of the event concerned. In the past, advertising agencies have failed to get to grips with sponsorship. But it was a leading agency, Bartle, Bogle, Hegarty, which suggested that its Whithread brand, Boddingtons beer, should back an annual Manchester arts and television festival, and that the advertising should revolve around the sponsorship.

BMW sponsored a Rouault show at the Royal Academy through its BMW-8 series, with a model of the car displayed in the courtyard; Unilever backed Royal Shakespeare Company productions at the Barbican through its Persil, Comfort and Flora brands; and the Fabergé exhibition coming soon to the Victoria & Albert will promote both Fabergé and Brut toiletries. Crosse & Blackwell, a Nestlé brand, has just signed a £2.2m, 30-month deal to sponsor the weekly *Masterclass* programme on Classic FM, a national radio channel.

It is true that one attraction of sponsoring through a brand, rather than under the corporate name, is that the event can be credited to a first-time sponsor and, thus, qualify for some of the £4.5m that the government finds each year for the business sponsorship incentive scheme (which is designed to encourage new sponsorships). But, even without the BSIS, branding is a growing force in sponsorship. It is encouraged by the development of another pre-requisite of modern marketing: evaluation.

One insurance company, Clerical Medical & General, decided that it would invest more heavily in arts sponsorship. Before it committed a £100,000-plus budget, it undertook a £15,000 evaluation study of the audience for the arts and its reaction to sponsors. The results were encouraging, and the company will continue to switch money to the arts. It is also selling the findings, through ABSA, to other cautious sponsors. Hill & Knowlton, one of the PR companies now eyeing the money in arts' sponsorship, also has an evaluation package on offer to sponsors.

Clerical Medical also is involved in another of the new trends in its sponsorship of a Channel 4 television series, *The Concerto*. This development is a double-edged sword. If companies decide to sponsor the arts through broadcast programmes, it could reduce the money available for the living arts. Classic FM attracted more than £4m in sponsorship money in its first year through programmes like the British Gas-backed *Classical Gas*. In the past few weeks, Prudential has invested £100,000 in the station to advertise its annual Prudential Award for the Arts, an annual £300,000 package which remains the largest corporate-sponsored prize in the field.

Nestlé exemplifies neatly the way the business is going through its £2.2m *Masterclass* deal. This also manages to fulfil one of the perennial attractions to sponsors of arts sponsorship in being educational and aimed at youth. Many companies still help the arts through their charity budgets (the size of which is linked to their profitability), syphoning money into educational activities. Perhaps the biggest sponsorship announced in the past year was the £5m Hanson has committed over many years to the National Youth Theatre.

Some predictions about arts sponsorship have failed to develop. After the great splurge for the Japan Festival in 1991-92, which attracted £12m in direct sponsorship from Japanese companies in the UK, Japanese business has held fire (largely because of economic problems at home). The whole area of payroll giving and private patronage, the main way of funding the arts in the US, also has marked time because the government's tax incentives were just not large enough.

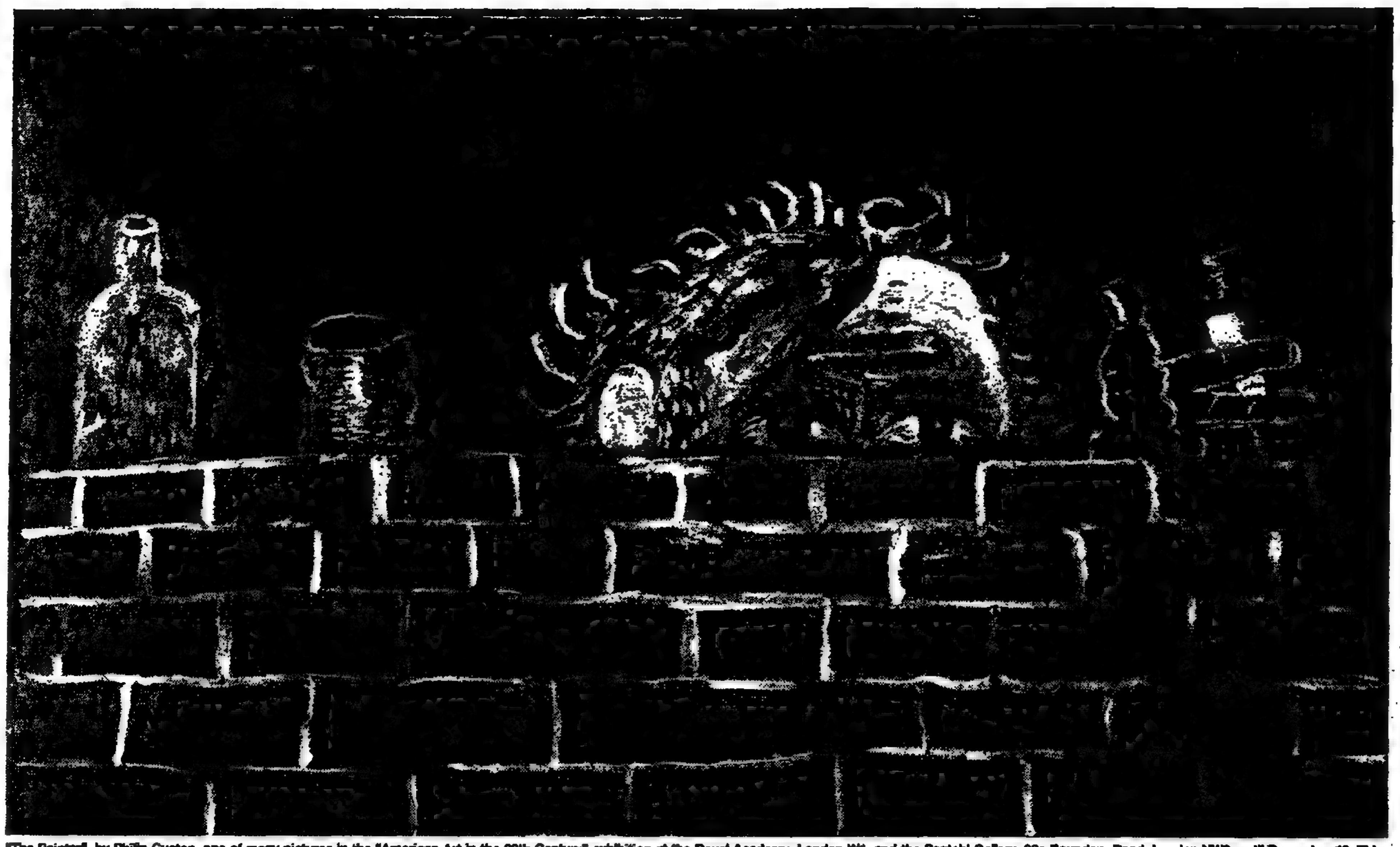
The past year has placed great strains on the increasingly professional development managers of the UK's arts companies, whose task is to bring in ever-higher levels of sponsorship to keep their organisations going. They are being forced to offer more in terms of publicity and back-up to keep existing sponsors faithful, and to attract new backers. Often, they have to accept lower sums in return for a sponsorship or to put together packages of sponsors, sharing the cost.

Media coverage – or, rather, the lack of it – remains a key restraint on sponsorship. ABSA reckons that 62 per cent of sponsors now get credits, which is an improvement but still not a convincing figure. The lack of support from the BBC when it broadcasts sponsored events is a particular cause for concern.

Arts' sponsorship remains a self-contained industry. In spending terms, it might be only a fifth the size of sports' sponsorship, but it is growing more rapidly because it offers sponsors an affluent, opinion-forming audience as well as the chance to be hospitable and feel a warm glow. It has attracted remarkably few parasites: there are still only five established consultancies – Kallaway, Crowcroft, Spero, Anthony Fawcett, and Arts and Industry – on hand to offer clients advice and organisational skills. They have been joined by ABSA, which is adding a commercial consultancy service to its successful lobbying role.

Sponsorship will struggle to grow in 1994 as long-term commitments come to an end and are not renewed. (Few think a sponsorship should last for ever). But its blend of altruism and commercial advantage are getting known better – and appreciated – and there are still thousands of potential corporate sponsors in the wings.

Perhaps the most encouraging feature of the industry's development is that the fears of the more puritanical arts administrators - that sponsors would interfere with artistic choice, or encourage presentation of the bland and the commercial - have not come true. In the main, sponsors feel it is a privilege to be associated with the arts, although harder times are forcing them to assert their financial muscle. That means the arts can expect more searching assessments from their sponsors.



"The Painter", by Philip Guston, one of many pictures in the "American Art in the 20th Century" exhibition at the Royal Academy, London W1, and the Saatchi Gallery, 98a Boundary Road, London NW8, until December 12. This exhibition, backed by Merrill Lynch, the Daily Telegraph and American Airlines, shows how arts' sponsorship is a rapidly growing area for many diverse businesses. But recessionary pressures are squeezing those seeking help

WEEKEND FT SPECIAL REPORT – ARTS SPONSORSHIP

# Hard-up groups join rush for rich benefactors

**Antony Thorncroft reports on how companies are chasing sponsors**

THERE IS hardly an arts company, museum or art gallery in the UK that is not actively seeking support, largely financial, from sponsors. Some organisations - the Glyndebourne festival is the classic example - depend totally on business and private supporters, and their box office, to exist.

Not that the absence of a government subsidy worries Glyndebourne. When it re-opens in May in its brand-new theatre, the first production, Mozart's *Le nozze di Figaro*, will be sponsored by Rothschilds.

Two more of the season's five productions already have sponsors in Lehman Brothers and Unilever. And this is on top of the £33m raised to finance the new auditorium, 90 per cent of which comes from business supporters.

Glyndebourne has been going for 60 years. But many newer arts companies are equally successful at selling themselves to sponsors. The Docklands Sinfonietta is only in its fourth year but has attracted nearly £200,000 this season from sponsors like Morgan Stanley and Amerada Hess, and the London Docklands Development Corporation. It has two attractive selling points, on top of its music: it is based in an economically deprived part of the country and it has strong educational and community programmes. These have brought it support from Texaco and Tate & Lyle.

Arts organisations have discovered that it is much easier to raise money for educational, youth and community projects than for their mainstream activities. Sponsors find their boards are more likely to nod through what seem like charitable donations. The organisations know that to get funding from the Arts Council and local authorities these days, they must provide a comprehensive educational and community programme so that any sponsorship money devoted to these causes frees resources for other creative activities.

The development manager in arts companies, charged with raising sponsorship money, has become a key executive. The personality and the co-operation of the artistic director is still crucial in keeping sponsors happy, but the development manager now takes on much of the burden, especially the socialising after events where the corporate guests mingle with musicians, dancers or actors – a popular element in many sponsorships.

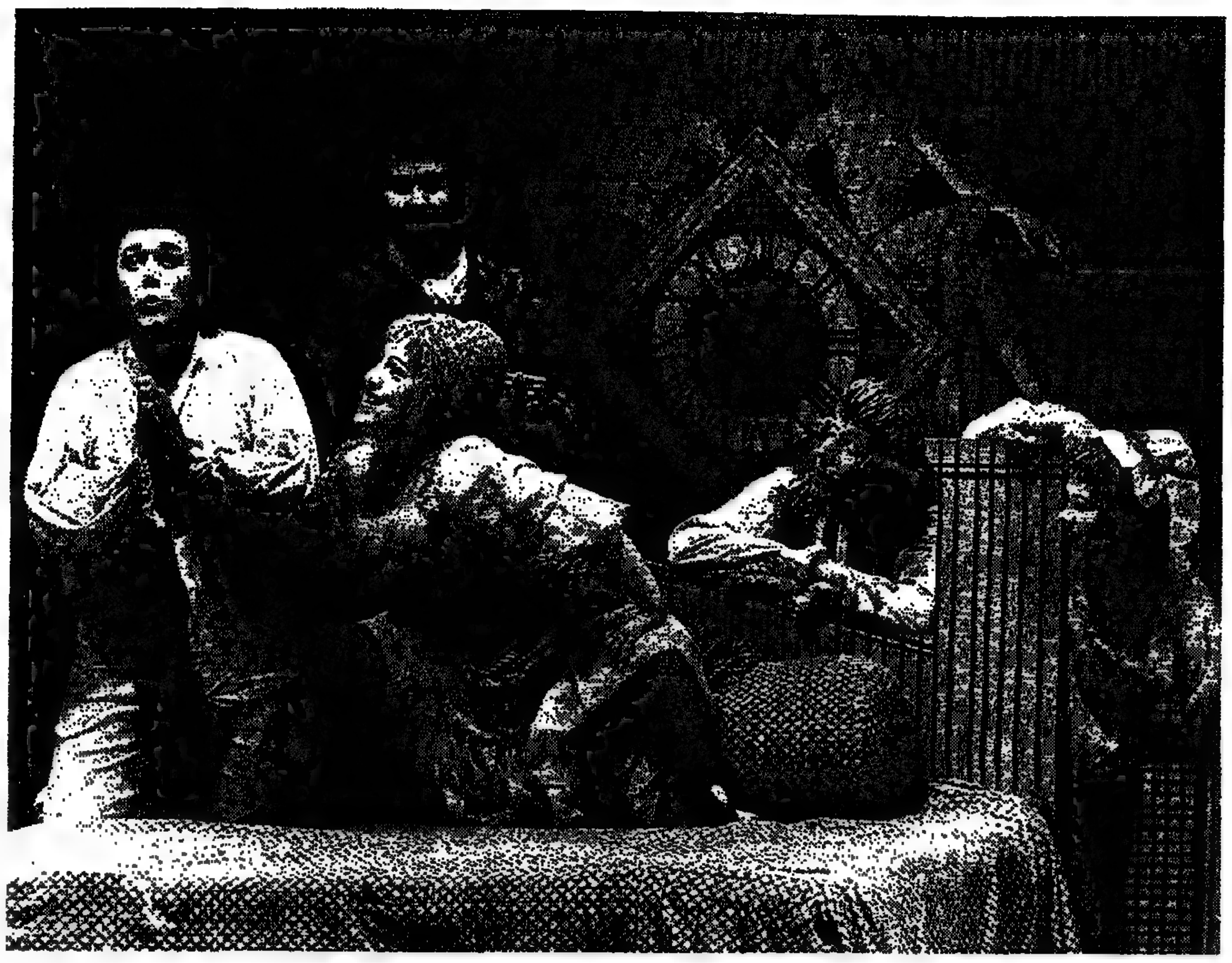
Successful development managers are flexible. The days of the mammoth £200,000-plus sponsorship for a single event are over. They are prepared to accept smaller sums in return for a sponsorship, and to put together packages of sponsors. So, the Royal Opera House, Covent Garden (still the most supported arts organisation, with an income of £6.1m from sponsors, corporate and private Friends, and galas in 1992-93), has persuaded Cable & Wireless to sponsor its grand new production of the year, *Die Meistersinger* (which opened yesterday), for a modest £100,000. The rest of the production cost has been found by the Friends of Covent Garden.

The Royal Academy is particularly successful at creating joint sponsorships. Its present exhibition, of 20th century American art, has Merrill Lynch as its one main sponsor, but American Airlines helped with transporting pictures and curators and the *Daily Telegraph* is the useful media backer to provide publicity (see picture opposite).

The RA is successful in attracting sponsors because it offers an excellent environment for entertaining corporate guests, has a smart image, and offers sponsors the opportunity of a guaranteee against loss – with the outside chance that an exhibition might produce a surplus to share out. The National Gallery and the Tate share the advantages of attractive rooms for corporate hospitality, plus an unrivalled reputation for the quality of their exhibitions.

They can afford to be selective and prefer one sole sponsor. This month, British Land is backing the Tate's Ben Nicholson show and has arranged that all its 8,000 shareholders have access to special evening viewings. In the New Year, Ernst & Young sponsors a major Picasso show. The National Gallery has fewer special exhibitions, but Esso remains its long-term supporter and is behind the present re-assessment of the Wilton Diptych.

The museum which has taken the hunt for sponsorship furthest is the Victoria & Albert. In addition to finding Far Eastern corporate sponsors for its renovated Korean, Japanese and Chinese galleries, it typifies the new flexibility. Pearson, owner of the *FT*, is backing two important scholarly exhibitions in the near future: on the work of Pugin in 1994 and William Morris in 1996. Samsung, backer of the Korean gallery, and Mobil are funding scholars for three years to work in the field of Korean art and Victorian studies. Pilkington is providing help in kind: an impressive glass balustrade for the new Glass gallery opening in January.



Alastair Muir

Out with the old, in with the new . . . a scene from The Rake's Progress at old Glyndebourne. The new theatre, which opens in May, depends entirely on sponsorship

Loaning the expertise of corporate executives to an arts organisation, on a daily or long-term contract, is another potentially important form of sponsorship which is formalised in ABSA's Business in the Arts scheme. Another new approach is favoured by Jeremy Isaacs, Covent Garden's supremo. He is looking for sponsors who will subsidise seat prices at particular performances, so enabling students and the less advantaged to enjoy a trip to the opera or ballet.

This is an extension of the successful Midland Proms season at the ROH. Research by insurance company Clerical Medical on the way audiences see arts sponsorship suggested that many people regard reducing the cost of tickets as the most acceptable form of business involvement in the arts.

One encouraging feature for development managers is that companies now are much more prepared to support the avant-garde and regional events. The lure of the tested and tried in the metropolis is less powerful. Some of the most successful sponsorship-getters are away from London. The Nottingham Playhouse boosted its revenue from £9,000 in 1980 to more than £120,000 this year, with Youngers recently adding another £175,000 in a four-year deal. The West Yorkshire Playhouse has moved ahead from £68,000 two years ago to a projected £200,000 this season. An interesting initiative here was to involve the staff of Marks & Spencer in a community play, *Magnetic North*, which the company sponsored.

The top development managers are already being poached. Lucy Stout, who helped to build the National Theatre's sponsorship success, is on her way to the Welsh National Opera.

Some arts organisations feel, with justification, that they should not need to join this hunt, or become hucksters in the market place. They believe their artistic programmes are strong enough to draw sponsors to them. But sponsors respond to well-managed arts organisations, and respect professionals.

Sponsorship, as a source of funding the arts, is not going to be replaced by enhanced government subsidies. Those few arts companies that still go through the motions in attracting sponsors will lose out. Perhaps they should apply quickly for one of the courses at leading business schools designed to introduce arts personnel to the mysteries of management. Naturally, these are sponsored - by English Estates.

# A monster tamed by Europe's red tape

***Simon Tait explains how the arts alone could have lost millions if an MEP's proposal had been accepted***

NOTORIOUS Eurocratic red tape may have worked for the good of arts' sponsorship by placing a noose around a monster which could have been hugely destructive.

A frisson of panic went through the corps of sponsorship brokers with the draft report of a French Green Party MEP, Yves Frémion, which suggested sponsorship was just an inexpensive publicity outlet for rapacious big business. He cited Voltaire's remark that anybody who gives does so out of bad conscience, and suggested that those getting sponsorship money were corrupted by it.

"The all-invasive presence of the brand name does not shock sportsmen much, but it does shock artists, even those who are resigned to it . . . Choices of sportsmen and artists are increasingly subject to the will of the sponsor," the report said. Frémion suggested to the European parliament that sponsorship should be banned unless sponsors agreed not to have their names associated with it.

The damage which would have been done if this report had been accepted at next month's European parliament plenary session – binding members to it – is immeasurable, but millions could have been lost to the arts alone. Guinness, an Irish company with huge interests in Europe (biggest brewer in Spain, owner of the biggest distillery in Germany) which sponsored the Royal Ballet's Paris season this summer, would have cancelled all its sponsorship, worth between £1m and £1.5m. And few companies could have persuaded shareholders that there was any advantage to sticking with sponsorship under Frémion's conditions.

As it was, British MEP Patricia Rawlings led an assault on the report in committee and 125 amendments have been demanded before it is considered again next month. Rawlings describes Frémion as a "a nice man but quite wrong and terribly ill-informed on this."

Yet, he has his sympathisers. There is concern that sponsorship can be used to spear products into sections of the community insidiously through arts' sponsorship where advertising cannot – alcohol towards youth, for instance, through support for avant-garde music, theatre and dance.

Whatever its future, though, the report – by getting the subject discussed – could well have given impetus to a bandwagon that is rolling in Europe already. Earlier this year Cerec, the three-year-old European version of Britain's Association of Business Sponsorship for the Arts, commissioned a report into pan-European arts' sponsorship.

This report, funded by financial consultant Arthur Andersen, canvassed 200 companies in 10 European countries and revealed that while arts' sponsorship has been growing at 5 per cent a year for the past three, over the next three it is expected to grow at 12 per cent annually. European sponsors also spend more than national ones, averaging £500,000 in 1992 compared with £340,000.

British companies use the arts to get them into European markets, and Rank Xerox's £200,000 sponsorship of the National Theatre's coming tour of *Sweeney Todd* in Hungary will give it valuable political as well as business contacts. Perhaps more altruistic, though, is *The Economist* magazine's decision to celebrate its 150th birthday by funding a £240,000 English language exhibition to travel in eastern and central Europe.

Anne Vanhaeverbeke, Cerec's director, says: "Arts' sponsorship clearly is a developing culture in Europe. It is encouraging that the French electricity industry, which is to be privatised, is looking at sponsorship to raise its community profile, and this comes at a time when the French government is not generating anything like the subsidy it did."

She added that the French also were looking at adapting the British business sponsorship incentive scheme – the government's programme of encouraging business support for the arts by matching first-time sponsorships (which is itself being spread overseas with £250,000 having been allocated to the British Council this year). The French also are believed to be looking closely at the Spanish scheme where certain banks must turn over a proportion of their profits to arts foundations.

North American companies are using sponsorships to get into Europe and Northern Telecom, AT&T and American Express have been to the fore. In 1994, tobacco giant Philip Morris is sponsoring a competition European design and art students.

The British Council, the UK's official cultural gunboat, has set about sponsorship with spectacular success. It began in 1988 by raising £670,000 but the target last year was £5.8m for all sponsorship; in the event, £7.23m was realised, £5.29m for the arts. Europe took about £2m of that but the council is concerned to attract sponsorship money beyond Europe and into the third world. Brazil and the Pacific rim have been the most successful.

Almost no impact has been made in Africa so far, but India is coming up fast. In one notable example, the Standard Chartered bank, which has been in India since 1858, is to spend £150,000 – the most it has ever committed in the sponsorship field – to funding Northern Broadside's production of *The Merry Wives of Windsor* in seven Indian cities.

John Pank, the bank's communications chief, says: "It's a calculated sponsorship – Shakespeare is hugely popular in India, and this production is bound to be a success. We have done local sponsorship on an ad hoc basis in the past, but we will be doing more, and we'll be more driven in the things that we do. It's a matter of image."

# Does it pass the blushing test?

***Jackie Wullschlager** observes the social mores revealed by the reading habits of Victorian England*

R*EADER, I married him*, concludes Jane Eyre famously. But who was the reader? Some Victorian households banned *Jane Eyre* as dangerously sexy and subversive. Others welcomed it as great literature. Some critics advocated the blushing test – "if you come to a passage which you could not read aloud to your father or brothers without a blush, lay down the book, it is not fit for you". Some thought women should not read at all, but only listen, "albeit understanding little", to what their husbands read to them.

*The Woman Reader* is the story of what Victorian women read, what they were told to read, what they were forbidden from reading, and why. Out of this comes a history of the imaginative life of a century. It marches down the corridors of girls' schools, into the tea party in the Victorian parlour, under the seething currents of attraction in the mixed reading rooms of the public library, to discover people's hopes, fears and longings via the books they read and discussed.

Books are a wonderful focus for this sort of social history. In an age before television, they were the cultural references that people shared and cared passionately about, *The EastEnders* of the classroom or the coffee morning. Ms Flint surveys reading habits recollected in memoirs and letters, contemporary book reviews, the literary prescriptions of advice manuals, the portrayal of women readers in novels.

The results show compellingly how literary responses both united people of vastly different classes and ages, and highlighted the disparity between them. "When Hildegarde Muspratt smuggled in *Story of an African Farm*, just out, the whole sky seemed aflame and many of us became violent feminists", recalled a pupil at Cheltenham Ladies College. A Lancashire working woman, reading Olive Schreiner's story of female oppression on the veldt, said "I think there is hundreds of women what feels like that but can't speak it".

Sex, authority, freedom of expression were the issues in the battle

THE WOMAN READER 1837-1914
**by Kate Flint**
*Oxford £25.00. 366 pages*

between censors and readers. Deliciously, Ms Flint evokes earnest middle-class 19th-century England, where literature was seen as a tool of socialisation moulding conformist, or – if they read the wrong books – questioning, members of society. At Cheltenham, Desdemona and Ophelia were studied as victims of their own deceitfulness. *David Copperfield* and *Adam Bede*, which featured fallen women, were thought as inflammatory as pornography. Vera Brittan talks of "that intensive searching" for salacious detail through these books, "which appears to have been customary almost everywhere among the adolescents of my generation". Harriet Shaw Weaver, discovered reading George Eliot, was dispatched to her room while the local vicar was summoned to lecture her on the errors of her ways; she rebelled absolutely and as an adult became patron and confidante of James Joyce. A 60 year old woman reading Barrett Browning's *Aurora Leigh* was sure her reputation would be ruined "if it were known that she had looked at the poem".

Feminist novelists answered back. The woman reader is a subversive character in novels like *The Story of a Modern Woman*, where the heroine asks her governess "what is a lost woman, really, Miss Brown? Dickens says that Little Emily is a lost woman because she goes to Italy with that Mr Steerforth. Was Mr Steerforth a lost man, too?" Controversial books like *David Copperfield* became talismans in the debate on sexual normality, women's independence, the suffragettes. Social history here meets political history; in Dickens Sylvia Pankhurst discovered "the cause of the People and the Poor".

This is an immensely ambitious book which could have been a much better one. It is drenched in jargon but the writing is dry as dust. I wish Ms Flint would quote critical theorists a little less, stop worrying about metasexuality and readers' "aggressive participation", and come out boldly with her own opinion. She avoids many questions about culture's relation to politics and morality, which still matters today, and too often she gets lost in a maze of forgotten bestsellers and unheard of memoirs.

But other eclectic details – the effect of reading on 19th century nervous diseases; Edwardian guidebooks like *Modern Marriage and How To Bear It* – are compelling. Ms Flint's research is superb, and most readers, of either sex, will find her books at once fascinating and infuriating.

# The man who made the BBC

W HEN OCCASION demands a hero, and one appears, the whole world gains. Such conjunctions are infrequent enough. But one occurred when a vaultingly ambitious, energetic Scotsman applied for the post of General Manager in the newly-formed British Broadcasting Company. He did not know what "broadcasting" was, but he got the job; and the rest, in the unimpeachable phrase, is history.

The man was John Reith. Ian McIntyre's account of his life is based on Reith's diary, which, owing to its author's curiously powerful mixture of honesty, innocence, perversity and ambition, is a stupendous work of self-revelation – and sometimes of great literary merit. McIntyre reports that he came close to tears at times while reading it, and one sees why: Reith felt everything with the keenness of a razor, whether it was love, hope, exultation or despair; and could not forbear to report it.

Most people, however successful they appear to others, view their own lives as a chapter of failures and disappointments. Reith did so especially, because he believed with some justice that he had immense gifts that were never properly employed. Eric Linklater described him as a "Rolls Royce engine attached to a wheelbarrow", and if Reith's own visions about his proper sphere are any measure of his gifts, they were grand: he saw himself as Prime Minister, Viceroy of India, Secretary-General of the United Nations. As it was, he did something finer and greater, though he did not appreciate the fact: he created the BBC.

Reith was the youngest son of a Glasgow Free Church minister. Theirs was a pious household, and Reith was fiercely religious throughout his life – "Do you accept the teachings of Our Lord Jesus Christ?" he would ask BBC applicants. He wanted to attend university, but was obliged by his father to take an engineering apprenticeship instead.

The two salient features of Reith's young manhood are his passionate love for his friend Charlie Bowser, and the first world war. For a decade he and Charlie, who was a boy in his teens when they met, were as lovers in all – it appears – but the carnal sense. They wrote ardent letters to each other, slept together, bathed naked together in Highland streams, kissed and prayed together. In the end Reith could not accept Charlie's marriage, although

THE EXPENSE OF GLORY: A LIFE OF JOHN REITH
**by Ian McIntyre**
*HarperCollins £20. 447 pages*

he had arranged it; and the bitterness of the affair's ending lasted the rest of Reith's life.

The war was a better mistress for Reith. He revelled in the challenge, and were it not for his arrogance and corner-cutting, which put him at odds with superiors, he might have shone. But after 11 months in the trenches he was hit in the face by a sniper's bullet, and took the resulting dramatic scar to America, where he was posted as supervisor in an arms factory producing rifles for the British Army. Here he discovered powers as an orator, and was fêted as a wounded young hero pleading the case for America's entry to the war.

The infant BBC and John Reith were as if tailored for each other. Despite a curmudgeonly inclination to intolerances of various kinds, Reith had just the right mixture of principle, cussedness, conviction and vision to create a public service of excellence. He fought for the BBC's independence, nourished its growth, fiercely demanded the highest standards throughout, and after 15 years in charge left it as a model of public service broadcasting for the world to admire – which, despite the efforts of wreckers in recent years, it still does.

The BBC gave Reith his stage. Almost as soon as he took charge he was in the company of ministers and princes, close to the heart of affairs. He revelled in it. When he left in 1938 to become Chairman of Imperial Airways he did not realise that he was relinquishing the heart of things for what was, in the light of his ambitions and talents, the margins, and that he was to dwindle there for the rest of his days. He entered the Commons briefly, and then went to the Lords, serving as a minister first under Chamberlain and then Churchill, whom he hated; but the ministries were junior, and he was a difficult colleague; Churchill sacked him, and thereafter he growled on the fringes of public life, fretting at the waste of his hopes.

McIntyre does not hypothesise about Reith. He lets the facts speak for themselves, and they speak eloquently. Reith was a giant – a modern Magog – physically, in his talents, in his failings and frailties. There is something gripping about his hubristic tale; when a man is enormous in his hopes and agonies he is a compelling spectacle, and although one cannot like Reith – he is too egomaniacal, vainglorious, domineering, Sabbatarian, pompous and emotionally blundering – one cannot help admiring him for his energy and grand ideals.

This is a highly readable book about a very extraordinary man.

*A.C. Grayling*

# What happened after Manderley

***J.D.F. Jones** finds Susan Hill has made a good job of following up Du Maurier's best-seller*

T RY THIS for a plot summary:

"A young woman, orphaned, poor, shy, plain, meets a mysterious and charming man – rich, strangely tormented, old enough to be her father – and falls in love with him. To her astonishment, he wants to marry her and install her as the mistress of his great house. But she discovers that he was married before and that the marriage has been a nightmare, yet he is trapped by it and haunted by the monstrous first wife. Under this challenge the girl grows up – becomes a woman, his equal, his mate – and then the wife is avenged in a fire and the house is burned to the ground. The consequence is that the couple can truly be together at last ..."

That, of course, is the story of *Jane Eyre*, Charlotte Brontë's masterpiece of 1847.

It is also the story of *Rebecca*, Daphne du Maurier's best-seller of 1938. The parallels between the two novels have always been obvious, as have the differences in profundity, inspiration, genius. Still, *Rebecca* is Du Maurier's best book, the ultra middle-brow, middle-class English popular novel of this century, a wonderfully good read. It still sells, in millions. How clever of Mr Sinclair-Stevenson to commission *Rebecca II* in order to tell us what happened to the unnamed narrator and her husband, Maxim de Winter, when they fled from their gutted mansion, the unforgettable Manderley, to take up exile somewhere Abroad.

In *Mrs de Winter* Susan Hill has made a good stab at a fascinating assignment. She knows that she has to bring the De Winters home, so she opts for the funeral of Maxim's jolly sister Beatrice; she has to revive the evil housekeeper Mrs Danvers, the villainous Jack Flavell, the decent farm manager Frank Crawley, even the magistrate Colonel Julyan and the awful Mrs van Hopper.

But her best achievement is that she evidently understands that she has to tackle the fundamental evasion of the original tale – that, when all is told and done, Maxim murdered Rebecca: that is why they are located in the prison of lifelong exile. Step aside from the persuasions of Daphne du Maurier's beguiling style and you begin to have your doubts about the chap. Why is he so *weak*? Fair enough, Rebecca is a prize bitch, but he could have divorced her, or thrown her out, or left her even for the loss of the house, he does not have to *kill* her. (Mr Rochester,

MRS DE WINTER
**by Susan Hill**
*Sinclair-Stevenson £12.99. 374 pages*

you recall, specifically rejected using "cruelty" on his Creole lunatic wife and instead considered killing himself!)

On the journey back to England for the first time in ten years, Ms Hill has her (still un-named) narrator suffer a long-delayed insight into her husband: "That man is a murderer. He shot Rebecca. That is the man who killed his wife." From that moment on the plot is not really any better or more complex than most of us could embroider after a good supper, but it will do.

After the funeral the De Winters are tempted to stay on in England; she sets Manderley behind her and discovers a beautiful house in the Cotswolds, which Maxim eventually buys for her. But they are both still haunted by the dead Rebecca. The no-longer-so-young wife wants a baby. In a deeply implausible plot device she bumps into Jack Flavell ("he was repellent, much older, seedy. And mad, I thought ..."); equally absurd is the discovery that Mrs Danvers is living nearby. Mrs Danvers, the great witch of modern popular fiction, still terrifies the narrator; she knows that her beloved Rebecca was murdered and she has been biding her time, waiting to take her revenge.

So far, so good, however thin, but because the story-line is so simple the narrative has to be heavily padded, most obviously in a long digression in Italy. Ms Hill is not just a competent novelist but is also a country writer of true distinction (her *The Magic Apple Tree* is a delightful book), and she sensibly uses her skills to flood the story with even more description of English landscape than Du Maurier would have risked. But shekeeps her pastiche short of parody.

She provides various references back to the original but this time the images are often reversed. There is another big party to provide a dramatic crisis, but it is an informal, happy affair in the garden; the wife visits a doctor in London, to discuss conception, not cancer; she serves afternoon tea, clumsily, to the chauffeur-driven Mrs Danvers; she is tempted again to jump to her death. But there is shown to be a maturing in her character and a development of symbol: she cannot have a child, for example, because the old life is still too potent.

One achievement of this exercise, paradoxically, is to remind us of the weaknesses in the original: the sentimentalisation of Maxim de Winter, for instance; the unexplained mystery of their long exile; the irritating wimpishness of the narrator; the under characterisation of Maxim and of his two marriages. This need not matter in a routine, popular novel except that this one demands comparison with Brontës model. Consider only, in contrast, the spunkiness of Jane, the vitality of Mr Rochester (who has to go through repentance, renewal, transformation – and literal blinding – before he is rescued by Jane's offering of a glass of water and they can achieve their true and lasting marriage). My compliment to Susan Hill is that I believe that she understands this and has tried to correct the imbalance in the original. She wants to add the missing moral dimension.

# A grand talent to amuse

S IR PEREGRINE Worsthorne is usually an exceptionally charming man, a bit of a dandy perhaps, occasionally over-sensitive, but fairly well-educated and much better travelled than some of his recent articles have suggested. When it comes to an autobiography, he has one huge advantage: he can write.

The first 100 pages or so of *Tricks of Memory* are sheer delight. Worsthorne turns out to be even grander by background than some of us had assumed. Not only was his step-father Montagu Norman, the governor of the Bank of England, a fact which was already well enough known; Norman's younger brother, Ronnie, was chairman of the BBC. There were good connections all over the place. The younger brother of Winston Churchill married the sister of Worsthorne's grandmother. There were frequent visits by Winston himself to the Worsthorne domain, sometimes with the young Perry in sole charge.

None of this is told in a spirit of boasting. Indeed it sometimes seems that Worsthorne's subsequent iconoclasm as a journalist was a reaction to being surrounded by the great and the good in his youth. His mother, though as well-off and well-connected as the rest of them, was distinctly a progressive and became more so as she grew older.

Worsthorne's attachment to her in the early years was not great. He thinks she sent him

TRICKS OF MEMORY
**by Peregrine Worsthorne**
*Weidenfeld & Nicolson £18.99. 290 pages*

to the wrong school – Stowe rather than Eton – out of perversity.

It was not until Worsthorne turned down a place in the City, which all the family advantages could have offered him, that his step-father and mother came to take him seriously. From Montagu Norman this may seem odd, but he was a very unconventional central banker. He went to work either in a Lincoln, because a Rolls-Royce would have looked too ostentatious, or on the underground from Notting Hill Gate.

Worsthorne slipped into journalism more by accident than design. Again the family connections helped, but could be misleading. He went to head office of the Glasgow Herald on the assumption that he had been appointed deputy editor; in fact, he was a deputy sub-editor who never wrote a word. Still, he stuck it out for two years, mixing between fellow sub-editors and some rather grander Scottish acquaintance, introduced to him through the family.

He did not get on well with everyone he met. When he went to The Times and, as correspondent in Washington tried to report the Republican Party thinking of the day, he was told: "It is not the job of The Times newspaper to provide a platform for reactionary rant." When he moved to the Daily Telegraph and went on the extended Harold Macmillan tour of Africa, he found that no other British journalist accepted invitations from the Afrikaners in South Africa. The result was that he gained insights denied to his colleagues.

*Tricks of Memory* deteriorates slightly as it nears the present. One of the reasons is that Worsthorne has always fancied himself as a thinker, almost a journalist-philosopher. In a fascinating section, he gives his views on how to write a column. It should not, he thinks, contain too many facts or inside information, but should concentrate on the author's opinions. Yet it is precisely because the younger Worsthorne did travel and was exposed to news that his articles were so good. The talent was to inject some passion or perversity, but the basic material had to be there.

I do not remember agreeing with anything he has said or written, but his articles have given me a great deal of pleasure. So does this book.

*Malcolm Rutherford*

# A Biggles with brains

I T IS March 31, 1931. André Gide writes in his Journal from Marseille:

"Greatly enjoyed seeing Saint-Exupéry again ... back in France barely a month now, he has bought back from Argentina a new book and a fiancée. Read one, seen the other. Congratulated him heartily, but more for the book [Vol de Nuit, *Night Flight*, it won the Prix Femina]; I hope the fiancée is as satisfactory ..."

At first she was, magnificently satisfactory, but became less so as the years passed. Paul Webster, the Guardian's man in Paris, in his thoughtful new biography of Saint-Ex quotes a contemporary description of her: "... a typical South American; small and graceful with strikingly beautiful hands and arms. Her black eyes were captivating, rather like small stars, and her skin was wonderful". She became immortalised as the solitary desert Rose defended from attackers by its sharp thorns in Saint-Ex's charming fable, *The Little Prince*.

He had met her in Buenos Aires during an Alliance française lecture tour for French writers. The year before in 1930 Saint-Ex had published his first novel *Courrier Sud* (*Southern Mail*). It was based on his experiences as a pioneer aviator for Aéropostale opening up the route from Toulouse to Dakar, and his glamour as author-airman proved irresistible to the bohemian Salvadorean, whose maiden name was Consuelo Suncin de Sandoval. She was in her mid-twenties and so was he. But unlike him she had already been married to another legendary literary man, the Guatemalean duellist Enrique Gomez Carillo.

Saint-Ex was still sexually naive after a protected Catholic French provincial upbringing. He had had one callow affair with Louise de Vilmorin, yet another novelist and later a friend of Nancy Mitford. She was the sort of match Saint-Ex's aristocratic family hoped he would make, but that had petered out. Instead he married Consuelo in 1931. As Webster shows it proved to be a stormy union, a case of Beauty and the Beast, generating much acrimony but never resulting in complete loss of love and respect.

Consuelo must have known from the start that she was in competition with a deadly rival, the air. Saint-Ex was a French Biggles, an overgrown schoolboy who possessed a surprisingly fine mind. Airborne, he experienced Yeats's "lonely impulse of delight", was like T.S. Eliot's "Guitterriez, avid of speed and power" and

ANTOINE DE SAINT-EXUPERY: THE LIFE AND DEATH OF THE LITTLE PRINCE
**by Paul Webster**
*Macmillan £17.99. 276 pages*

his career might easily have inspired Auden's Journal of an Airman ("You are a man, or haven't you heard/ That you keep on trying to be a bird?"). In those days flying was matter for poetry. The pilots with their goggles and leather jackets, their controls freezing up, and their not infrequent crash landings, still exert a potent magic, as Michael Ondaatje showed when he re-created the whole era in *The English Patient*.

In the course of his flying hours Saint-Ex had several spectacular prangs. He lost control of one of the early French flying-boats narrowly escaping drowning. But it was his desert landings while flying over the Spanish Sahara that gave him his greatest thrill. *Wind, Sand and Stars* – the English title of his most intellectually probing book says it all. In searching for a colleague marooned in the desert, captured by nomadic tribesmen, he landed on a 300-metre high plateau. "These untrodden few acres of the world, which he saw as a table-cloth spread under the apple-tree of the night sky, contain the elements of the innocent poetry of The Little *Prince*", says Webster.

As a writer Saint-Ex belongs firmly to the Right, the Romantic French Right, though he never joined forces with Maurras or anything noxious of that kind. One of his greatest friends was a Jewish anarchist, Léon Werth, with whom he shared an admiration for Pascal. They marvelled at Pascal's prose, discussed Pascalian apologetics and then played chess together. The combination of man of action and thinker is an attractive combination that colours all Saint-Ex's writing. At his best it does have a Pascalian clarity.

His thoughts during the Fall of France were set down in *Pilote de Guerre* (*Flight to Arras*), 1942. Though by then more than 40, he was still flying dangerous reconnaissance missions. Up in the cockpit Saint-Ex sees the result in human terms of the collapse of France spread out below him, the endless streams of peasant villagers fleeing in the face of the German advance, and he muses on the futility of it all. From his Olympian vantage-point he works out a philosophy of regeneration through sacrifice.

He escaped from France and spent years from 1942-1944 in America. He remained however a Pétainist nursing an ineradicable hatred of De Gaulle. He seems, in the face of worsening relations with Consuelo, to have conceived a death wish and he somehow succeeded in 1944 in getting accepted for flying duty once again. He was signed on to make sorties on the Mediterranean Front. Three months later he was dead. Exactly how he died still remains a mystery; there were persistent rumours of suicide; it must have been when his Lightening aircraft hit the sea – a death Saint-Ex had rehearsed more than once. Webster covers the whole of St Ex's career adroitly while keeping his own feet firmly on the ground.

*Anthony Curtis*

ARTS

# A way of happening, a way of mouth

*Michael Glover explains the appealing power of poetry and its increasing popularity today*

ALFRED Lord Tennyson was very fortunate that the Duke of Wellington died when he did. It was in 1852, just two years into his Laureateship, when he was called upon to write an ode on the death of the man who had been England's national hero since Tennyson's early childhood.

Ten thousand copies of the "Ode on the Death of the Duke of Wellington" were sold to the crowd that made its way to St Paul's on September 14 1852. As Dickens commented at the time, the nation seemed to have gone "funeral mad". Then, two years later, came the disastrous Charge of the Light Brigade in the Crimea. By 1862, Tennyson was so prosperous that he turned down an offer of £20,000 to do a reading tour of America.

That poetry, albeit of an orotund, drum-beating kind, should have played such a prominent part in England's national life is quite inconceivable today. For more than half a century poetry has been in thrall to the academy, a subject of serious, nit-picking study – but seldom of popular acclaim. Now there are some telling signs that poetry may be shifting towards the centre ground again.

Next week, for example, BBC2 is screening a series of innovative poetry programmes: in *Poet's News*, a five-minute programme to be screened after *Newsnight* every night, poets will be commenting in verse upon the day's news; *Poems on the Box* will feature unscheduled appearances by individual poems between programmes, read by poets, actors and popular entertainers, including Michael Palin, Ian Dury, P.D. James and Neil Tennant of the Pet Shop Boys; and, *Re-verse*, a 40-minute anthology in documentary form of readings by and interviews with some of the greatest 20th-century poets, makes use of much rare archival material: T.S. Eliot intones majesterially before an imposing BBC microphone that looks as large as his own head; Stevie Smith, rocking back and forth in a hammock, and seeming thoroughly mad and eccentric, reads her *tour de force* "Not Waving but Drowning"; W.H. Auden, face pouched and puckered like an old walnut, explains how the verbal magic of poetry is related to other kinds of magic.

Poetry is also beginning to attract the kinds of promotional sponsorship that literary fiction secured when the Booker was established. Last year the Forward Prize for Poetry was established with a £10,000 cash prize for the best collection of the year, and smaller prizes for the most promising newcomer and the best individual poet; this year, the Forward is joined by the T.S. Eliot Prize, administered by the Poetry Book Society, which will be awarded in January by Valerie Eliot, T.S. Eliot's widow – also for the year's best collection of poems.

Public readings of poetry are on the increase too. In London alone, for example, there is a poetry reading somewhere every night of the week – consult the *Time Out* listings for further details. The Arts Council Poetry Library at the South Bank Centre, which celebrated its 40th birthday this year, reports a steady increase in loans in recent years. According to a recent edition of Cultural Trends from the Policy Studies Unit, there was an eight per cent drop in public library loans from 1989-90 to 1991-92. Over that same period loans from the poetry library increased by an average of 10 per cent annually; and since its move to the South Bank four years ago, its membership has doubled to 11,000.

Yet the most important questions of all still beg for an answer: if poetry is once again increasing in popularity, what does its revival represent – and why are people turning up in increasing numbers to hear poetry read in public?

In primitive cultures, the bard was the embodiment of tribal wisdom, the repository of the collective memory – and some residue of that attitude towards the poet and his function remains even today. Consider, for example, the importance of poetry in Russia in our century. (Metre and rhyme, that have themselves undergone a post-modernist revival in recent years are, of course, powerful aids to memory). The poet's current role, in the words of the Guyanese poet John Agard, this year's first writer in residence at the Poetry Library, is to "deal with epiphanies" in language honed, polished and compressed until words read – and sound – like "the splendours of speech newly found"; or, in the words of Robert Graves, the poet "does a little bit of magic by . . . putting a ring around a particular experience". As long as people require moments of reflection, it seems, they will need poetry (as was evident in the aftermath of the Hillsborough disaster when many sympathisers sent poems of condolence to newspapers) – and this means that in spite of the enormous changes in the way poetry has been written down the centuries, it continues to fulfil a time-honoured role: to speak of deeply felt and often intimate things that cannot be rendered so powerfully or so effectively in prose.

And yet, it is also true to say that poetry has never had a specific function. Poems are constructs made of words that are ultimately beyond paraphrase – dismantle them and you are left with meaningless bits and pieces strewn about the floor. It merely represents another way of using language, a way that is often tighter and more powerful than the narrative-driven novel or the essay; but to define its function is ultimately impossible.

What is the meaning of music or painting? People find their own uses for poetry. To some – usually a minority in any society – poetry makes some deep seated appeal to our questing and imaginative natures; it is almost as if there is a poetry-shaped hole in some human beings that demands to be filled. Yet, as W.H. Auden, one of the greatest of 20th-century poets knew, poetry is ultimately useless: none of his poems, he once remarked, had saved a single Jew from the gas chambers; and in the great elegy to W.B. Yeats that he wrote soon after Yeats's death in 1939 – the very first poem of Auden's years of American exile – he summarised the function of poetry in the way it can probably best be summarised, in verse:

"For poetry makes nothing happen: it survives/ In the valley of its making where executives/ Would never want to tamper,/ flows on south/ From ranches of isolation and the busy griefs,/ Raw towns that we believe and die in; it survives,/ A way of happening, a mouth . . ."

# Painting is life or death, every time

*Lyn MacRitchie talks to artist Dorothea Tanner*

IT IS sometimes the case that all the future themes of an artist's work are encapsulated in an early canvas. "Birthday", created by Dorothea Tanning in 1942, is one such painting. A self portrait, exquisitely drawn and delicately coloured, it shows the young artist standing bare foot and bare breasted in front of a perspective of open doors, a furry familiar, half beast, half bird at her feet. She wears a purple doublet, and a skirt trimmed with branches which on careful examination can be seen to turn into naked female forms just where they should be sprouting into twigs.

"Birthday" did more than set the theme for Tanning's subsequent work. It also brought her Max Ernst. The great surrealist painter, acting on behalf of his then wife, Peggy Guggenheim, was selecting work for a group show of women artists. Tanning had already been signed by the dealer Julien Levy, patron of the Surrealist exiles in New York, who recommended that Ernst see her. "Birthday" was on her easel when he called. It is easy to see why he made sure he came back. They married, in a double ceremony with Man Ray and Juliet Browner, in 1946 and were together until his death 30 years later.

Tanning, born in Galesburg, Illinois in 1910, went into training for her future life at an early age, escaping the confines of the small midwestern town and a strict Lutheran upbringing by allowing her "raging imagination" to roam, assisted by a diet of Carroll, Wilde, Flaubert, Poe and Coleridge. In 1930 she left for Chicago, determined to become an artist. It was not until she reached New York in 1936, however, that she found the confirmation she was seeking. Visiting the exhibition "Fantastic Art, Dada and Surrealism" that year at the Museum of Modern Art she felt she was experiencing "an explosion." "I thought of myself as an artist who was doing and painting things from my imagination. When I saw that show, I saw that other people were doing it, it was not proof of a sick mind but an adventurous one . . ." she told me.

Some of her works painted over the next 15 years have become classics of surrealist painting, delineating the landscape of repressed sexuality and desire with a unique authenticity as well as high graphic and painterly skill. Tanning's dark world, where young girls contemplate monstrous flowers or mysterious closed doors, or heap on each others' shoulders in delicious twists of buttocks and faces swirled with tearing drapery and flying hair seem not so much prurient fantasies as accurate depictions, faithful renderings of troubled and troubling feelings.

She does not shrink from the explicit. "Interior with Sudden Joy" 1951, incudes a rosy detail wrapped in a sinister twist of drapery which makes very clear the source of that joy the two knowing girls have discovered. This picture was painted in Arizona, in the little house she and Max Ernst built on top of a hill in Sedona, where they lived surrounded by vistas of desert and sky. Conscious of the interior nature of her own inspiration, Tanning worked indoors. "Then as now the decibels of nature can crush an artists' brain. I have seen it happen," she wrote. "So I lock the door and paint interiors." She denies that her painting are particularly erotic. "Eroticism is in all of us – there is some of that in my painting, but it would be a shame to say that that is all there is . . . They are about the essential humanity in all of us."

The picture that captivated Max Ernst: 'Birthday', 1942 by Dorothea Tanning

George Oddner

The progress of her work, and the Camden show includes selected works from 1942 until 1992, is a progress of size rather than content. This progress begins in the 1950s, when the paint gets thinner and the figures larger, the nature of their relationships more clearly defined. In "Death and the Maiden", 1953, a man hoists a young girl into the air, crushing her thighs against his chest. In "Family Portrait", 1954, the huge figure of the father looms over the table. While the wife is reduced to a tiny provider of food, the budding daughter presents herself to the viewer, her sexuality both the source of the painting's tension and the means towards her liberation. In "Tableau Vivant", also 1954, the begging family dog has assumed a rampant role, the young woman, how naked, swooning between his paws.

For the next 30 years dogs and naked flesh fill ever bigger canvases, their swirling forms combined in a cosmic dance of sensuality and liberation not to everyone's taste. Some spectators at the private view even doubted if these works were by the same artist. Tanning was shocked by this, but philosophical. "People always want to pigeon hole you . . . once they know something, that is all they want." She herself has no doubts about her progress. "When I look at the early works, I couldn't paint like that today, with those tiny little brushes. It happens with time, with the epoch – if someone did that today it would be an anomaly."

With typical prescience, she spent five years between 1969 and 1974 making objects from cloth, sewing black velvet fetishes and whole stuffed interiors with writhing figures breaking through the walls. The examples at Camden are some of the best works in the show, the skill of their construction and the power of their imagery striking and fresh even now when installations are a gallery commonplace. Though she is now too frail to continue to paint large canvases, Dorothea Tanning is still hard at work, with drawings, watercolours and collages engaging her ever fertile imagination. At 83 she says, "The act of making a new painting is like jumping out without a parachute – it's life or death every time."

**Dorothea Tanning: Works 1942-1992. Sept 17-Nov 21, Camden Arts Centre, London NW3 6DG. Tel 071 435 2643**

# Courageous writer wins Nobel Prize

IT WOULD be a great pity if the award of the Nobel Prize for Literature to the black American novelist Toni Morrison were to be seen as merely another gesture of political correctness because it rewards the work of a courageous writer who has charted new territory for the modern novel in a hard clear prose that has the resonance of poetry. The picture we get of the lives of black people in America from a novel like *Beloved* (1987) serves as a vivid and moving corrective to the world depicted by Harriet Beecher Stowe in *Uncle Tom's Cabin*.

Morrison gives us slavery as it really was, the beatings and rapings, the cruel use of leg-irons and mouth-clamps, the interminable punishments imposed for trivial offences. Her account is both unbearable and unforgettable through her deep understanding of the people who endured this system. She creates not merely individuals but whole families and communities and the way they transmuted their suffering into irony with consistent black humour (both senses) and a hearty appetite for the good things that such a life did have to offer at those moments when the whip was at bay. She takes a long-term historical view showing how the system was so inhuman that it contained the seeds of its own ultimate destruction.

An uncompromising realism has been the mark of each of Morrison's six novels, combined with a willingness to experiment with form. In her most recent book *Jazz* (1992) concerning black urban migration her prose mimes the repeated rhythms and syncopations of the music. It is a remarkable effect that appears completely spontaneous but Morrison has confessed to having re-written passages many times to get it absolutely right.

Morrison is thus as much a craftswoman of the novel as an engagé campaigner. She was born Chloe Anthony Wofford in 1931 in Lorain, a steel town near Cleveland, Ohio. She was the second of four children in a black family severely hit by the Depression yet succeeded in completing her education at Howard and Cornell.

Her first novel, *The Bluest Eye* (1970), had for its heroine a young black girl in Ohio who believes she has blue eyes. The heroine's incest with her father, pregnancy, and ultimate insanity was a portent of things to come. *Sula* (1973) studied the friendship between two black women throughout the troubled 1930s while *Song of Solomon* (1977) and *Tar Baby* (1981) opened wider perspectives on the fate of black people and dealt with the heritage of slavery throughout America and the Caribbean.

Miss Morrison teaches creative writing at the University of Princeton. Winning this prize (worth £563,000) to be awarded in Stockholm on December 10 is likely to make Morrison's courses even more over-subscribed than they are at present. It is also likely to give a new boost to the cause of multi-culturalism in American education. Morrison has emerged publicly on television as a resolute champion of multi-culturalism in direct opposition to the views of people like her now fellow-Nobel-prize-winner Saul Bellow and the historian Arthur Schlesinger Jr who continue to uphold the primacy of the traditional white-oriented culture. It is an explosive issue that divides American academe into two fiercely hostile camps.

***Anthony Curtis***

# Gallery headhunting

AWAITING confirmation on the prime minister's desk is the name of the next director of London's National Portrait Gallery. Rumour has it that the NPG's trustees, headed by Henry Keswick of Jardine Matheson, have selected Charles Saumarez Smith of the Victoria and Albert Museum. He replaces retiring director John Hayes.

Gossip columns claimed yesterday that waves of protest and indignation were sweeping the London art world. What has actually happened is that supporters of the defeated candidate, long-serving deputy director Malcolm Rogers, have been venting their spleen. They do so knowing that Whitehall's archaic rules governing public appointments mean that, until Number 10 pronounces, the museum, trustees, and the victorious candidate, are gagged.

Why is there such media interest in the directorship of a popular but second-rank museum? The fond hope is that Saumarez Smith, a dome-headed, mild-mannered, architectural historian, may provide juicy controversy of the kind that followed the appointment of his present boss, Elizabeth Estève-Coll to the V&A in 1988.

The following year, eight senior curators were sacked, the museum's structure was reorganised, and voluntary charges were introduced. A lingering effect of the great V&A scandal is that museum people have developed a taste for press exposure which has earned them the reputation of the bitchiest profession.

At 40, Saumarez Smith is part of the trend towards appointing scholars rather than curators, a move not surprisingly deplored by the conservative faction. However, the definition of what makes a suitable museum director has become much broader. Neil McGregor's appointment to the National Gallery, now seen as an inspired choice, was criticised because he had no museum experience but was an academic art-historian. In comparison, Saumarez Smith is distinctly less of a maverick after 11 years in the V&A.

It is hard to see any intellectual basis for the petty opposition to the NPG's choice. The study of portraiture has become much livelier since, under the influence of the "new" art history, it moved away from traditional connoisseurship (asking who painted whom) and into the domain of social history.

Saumarez Smith has written that museum scholarship should move out of its "methodological backwater governed by empiricism", and embrace instead the new interest in the relationship of artefacts to the societies which produced them. It is hard to think of a better place than the NPG for this kind of "new" – but actually, well-engrained – approach to be translated into exhibitions.

Outsiders like the idea that the museum world is split between "Thatcherites", men with clip-boards spouting management-talk, and old-fashioned scholar-curators. This is a ridiculous picture. No one now gets anywhere near the top without attending management courses. Everyone at the top realises that museums are part of the entertainment business, and that fund-raising is a *sine qua non*.

It is doubtful whether there could again be such a furore as a new broom caused at the V&A. Noises from the museum world suggest there is a merging of new and old attitudes, to challenge the crudity of the government thinking. Last month the V&A, demonised as the test-case of a Thatcherised public collection, published an anonymous pamphlet. Directed at the government, it proclaims the essential part that research of all kinds, *including pure research*, has to play in the health of a museum. Its author is Saumarez Smith.

***Patricia Morison***

# Hackney Tosca

THE LITTLE Opera Box company was originally formed to give open-air performances at stately homes for English Heritage, but recently it has discovered the Hackney Empire. That is a splendid Frank Matcham theatre, of exactly the right size; all it lacks is an orchestra pit. The company first tried out *Don Giovanni* there, with some success (and a minuscule, one-player-to-a-part band.)

Now its Mozart is back in tandem with a new staging of Puccini's *Tosca*. For that, Fraser Goulding conducts a Wren Orchestra somewhat enlarged, but still a mere shadow of the composer's intended forces. The single woodwinds and lone viola and bass are eked out by a resourceful electronic keyboard (Alastair Young), which also fills in harp, organ, bells and drums. This served well enough, most of the time; but one felt for the soprano and tenor in their most intense passages, denied the trampoline that only full string-sound can provide.

Those creditable singers were Bridgett Gill in the title role, and Donald Stephenson as her Cavaradossi: the one strong, forthright and sensible in her music, the other upstanding and musical – but his experience is largely in German and British operas, and the voice is not naturally geared to the shameless, heart-baring thrust of Puccini's phrases (Edmund Tracey's English text is used). Closer direction might have raised the dramatic temperature, which remained obstinately mild.

The company seems to have a policy of asking singers to double as producers: just as its Mozart was directed by the *Tosca* Sacristan (Andrew Gallacher), so its Giovanni (Brendan Wheatley) staged the *Tosca*. This may be a defiant gesture against the Cult of the Producer, but the result – in *Tosca*, at least – looks no more than dim, honest routine.

Terence Sharpe's Scarpia is a near-exception. He presents the villain straight, as a bloated, baleful toad, with none of the dandyish manners that most Scarpias like to affect. If his baritone can sound husky and colourless in recitative and in half-voice, it rose potently to the key moments. He had properly slimy henchmen in Alan Rankin-Crooks and Mark Hathaway; Ian Comboy gave the fugitive Angelotti some fugitive life, while the Sacristan semaphored broadly.

At the end the appreciative Hackney audience cheered the goodies and cheerfully booed the baddies. That was the kind of production it was. For jaded regulars like me it was a lesson to hear the score delivered so competently, but without liquid Italian voices or the gloss of a big orchestra: no disguises for Puccini's mechanical sequences, nor his barely varied repetitions of the main motifs. *Tosca* must surely be ripe for joining the same musical category as several Romantic concerti: great vehicles for virtuoso soloists of feeling, but otherwise pretty silly.

***David Murray***

**Sponsored by Abbot Ale; further performances Oct 9, 13 and 15**

# Operas from Terezin

*John Allison on two works composed in the notorious Nazi concentration camp*

OVER THE past week Radio 3, in conjunction with BBC-2, has been offering a short season of music from Terezin, the notorious Nazi concentration camp near Prague. It was appropriate that a double bill of operas connected with the camp should be staged by Mecklenburgh Opera at the Queen Elizabeth Hall on Thursday (as part of the London South Bank's Czech festival), since its composers – Hans Krása and Viktor Ullmann – belong to a lost generation of Czech musicians.

Terezin (Theresienstadt) was, of course, nothing more than a cynical ploy, a showpiece which in June 1944 the Nazis duped the International Red Cross into believing to be some kind of "paradise spa". Existence in Terezin was different from that of other concentration camps: it had a rich artistic life and, ironically, was the only place in the Third Reich where Jewish musicians could compose and perform. But in reality it was a transit camp for Auschwitz, where both Krása and Ullmann died late in 1944.

Krása's *Brundibár* (receiving its first British performance) and Ullmann's *Der Kaiser von Atlantis* made a stimulating, contrasting programme. Though the children's opera *Brundibár* originated outside the camp, it became a hit there, notching up 55 performances. Ullmann's music, on the other hand, was composed in the camp but banned, probably for its seditious portrayal of the demented Kaiser Überall, and not premiered until 1975 in Amsterdam.

Mecklenburgh Opera, winner of the 1991 Prudential Award for opera, was making its South Bank debut. Both works were effectively staged on the same small, sloping platform by the group's director of productions, John Abulafia. Christoph Baugh's sets for the sparkling *Brundibár* were cut-out Czech gingerbread buildings.

The story tells of how the children Pepíček and Anička (John Addison and Catherine Hopper) are persecuted by the "evil dictator" Brundibár, an organ grinder, but rescued by a trio of animals. The symbolism is obvious, the optimism unbearably poignant, the score bittersweet and bubbly. Soloists and chorus were all drawn from the excellent New London Children's Choir (words in Abulafia's singing translation were admirably clear).

In contrast, *Der Kaiser von Atlantis* is explicitly anti-war and strongly satirical – the action takes place "somewhere". Mecklenburgh Opera staged it in 1988; this was presumably the same production, but with a largely different cast. Gwion Thomas (Loudspeaker) stood out as a sardonic *Cabaret*-style compère. Richard Halton made a neurotic Emperor, Brian Bannatyne-Scott a morose Death. Rebecca Du Pont Davies an amusingly robotic drummer and Robert Horn an athletic Pierrot, lyrical in the Soldier's love music. Maureen Brathwaite sang sweetly as the Girl from the enemy camp with whom he falls in love.

Anne Manson, Mecklenburgh musical director, led the performances capably. Though Ullmann was a pupil of Schoenberg's, this eclectic score seems to owe more to Weill and Stravinsky. It is exhilarating but – given the grim conditions of the work's composition – difficult to judge dispassionately.

Body and mind: Victoria Harwood and Lindsey Wilson in 'Ripped'
Alastair Muir

# A Ripping drama

***Malcolm Rutherford** reviews a promising playwright*

KAREN HOPE'S new play opens with such a burst of repetitive swearing that it seems like a throwback to the 1980s. That may be an act of deliberate symbolism, for suddenly a character enters declaring that there are enough words in the English language to make swearing unnecessary. Then the effing more or less stops and we may have entered new ground.

*Ripping* is a cerebral play, full of ambiguities, but it is not clever-clever. It does not draw on Harold Pinter, nor anyone else who immediately comes to mind. Like all good plays, it is physical as well as verbal. It is also almost frighteningly sane.

It stems from a good idea, not far away from facts. *Ripping* makes an analogy between mind-building and body-building. A child prodigy goes up to Cambridge to read advancedmathematics. She is so young that she has to be accompanied by her father whose maths she is rapidly outstripping.

The pair of them lodge in a place where there is a not dissimilar ménage. A rather older girl has been a champion swimmer: some of her records are still unbeaten. In her twenties she has moved onto body-building with a coach who is also her lover.

The play revolves around the interchanges between these two couples. Tom Stoppard, who has toyed with mathematics and the sciences in *Arcadia*, ought to look to his laurels. For *Ripping* is also about the application of maths to biology and the other way round, and it is very convincingly done. The young mathematician is fascinated by the development of the older girl's muscles and physical movements. The body-builder coach is a scientist of a kind as well: he has learned a lot from studying mushrooms.

But this is not an abstract piece. The play works on a level of almost total realism. The dialogue is in the vernacular, loud music occasionally interspersing the talk. Apart from the mind and body-building analogy, there is a subtheme. Both girls have been pushed into their ambitious positions by their respective fathers. Laura, the mathematician played by Lindsey Wilson, has her father still around and fussing. Melanie, the athlete, was encouraged to take body-building drugs by a father now absent but who still turns up at her contests.

Only four characters appear in the play: the two girls, Laura's father and Melanie's coach. All become entangled with each other, though how far is left ambiguous. The one possible character weakness in the writing is Anthony, the father of Laura. It is not clear how much he responds, or wants to, to Melanie's sexual advances, nor whether he remotely understands the maths in which he is driving his daughter.

For the rest, however, this is a remarkably vibrant play, beautifully done and precisely directed by Jessica Dromgoole. The Cockpit is a good place to do it because the theatre in the round is exactly right for the various contests. (The National's Cottesloe Theatre would be another.) As Melanie, Victoria Harwood looks at times like a graceful female Atlas, and can then movingly crack up.

The ultimate tribute is to Ms Hope whose *Foreign Lands* was performed at the Finborough early this year. If she goes on like this, we may have a playwright for the 1990s after all.

**The Cockpit, London NW8 until October 30. (071) 402 5081**

# The price Wagner pays

IF IT was a musical they would extend the run: if it was the FA Cup Final they would charge twice the price of entry for a regular football match. But it is Wagner. So they restrict the number of performances to six, charge a small premium on tickets and watch the house sell out.

Last night, Wagner's *Die Meistersinger* opened at Covent Garden, the first of only six performances (Max Loppert reviews it on Monday). Even with the cheapest tickets at £29, the night was all but a sell-out. Later this season English National Opera stages nine performances of *Lohengrin*. Tickets are selling rapidly. Is it not peculiar, then, that London's opera houses have not responded to demand by increasing the supply of what sells so well?

This, say the opera planners, is because staging Wagner is an elaborate affair. Of course we would like to give the public more, but you try building the sets, getting the singers, fitting in rehearsals and paying overtime to orchestra and chorus for productions that start at 5.30pm and end towards midnight. Impressario Raymond Gubbay also has doubts: "From a promoters point of view, Wagner is very difficult because the pieces are long and that inevitably calls for vast financial resources."

Their arguments go down badly with James Pritchard, editor of Wagner News, who complains of a Wagner "drought" in the UK. "Wagner plays a very large part in the repertoires of even small companies in France, Germany and Scandinavia," he said. "The British companies always trot forward the argument that it is too expensive, but they don't say that about big Verdi productions. I think in this country, for some reason, we are a bit down on Wagner."

Even so, both of this season's operas last five hours and overtime payments for exceptionally large orchestras and choruses are high. Both companies are charging a premium, which does not look like much per ticket, but which substantially increases the takings of the whole house. Top priced tickets for *Die Meistersinger* at Covent Garden, for example, cost £129 compared with £119 for Puccini's *Madame Butterfly*, also on this season. At ENO, the mark-up is about 10 per cent.

But with a dedicated fan club willing to travel long distances to hear Wagner, why not charge even more? "There are a lot of Wagner groupies out there," said a spokeswoman from Scottish Opera, which is planning a production of *Tristan and Isolde* for next year. "But you can't fill the theatre every night with dedicated Wagner fans and anyway it wouldn't be acceptable to regular audiences to double the price of tickets over night."

But the biggest obstacle to staging Wagner is the shortage of Wagner singers. "For every 20 singers who could sing the lead role in Puccini, there are only three for Wagner and they are all very busy," said ENO's Jeremy Caulton. Rarity value also means the singers command a bigger fee. And once the singers are secured, the demands of the operas mean their voices need to rest in between performances. At ENO, the rule is a maximum of three performances every fortnight. That compares with three performances in one week of Puccini's *La Bohème*.

Meanwhile, the length of the operas puts pressure on rehearsal time. For most operas, ENO and Covent Garden are able to use their theatres for morning rehearsals. But with *Lohengrin* and *Die Meistersinger* starting at the unusually early times of 5.30pm and 5pm the theatres are out of bounds all day as the stage is prepared.

At Bayreuth, which hosts a Wagner festival every year, some of the practical restrictions of staging Wagner are avoided. The kudos of singing there means the management gets away with paying less for singers. "Most singers who go to Bayreuth are prepared to sing for less than their international fees," says Caulton.

Surprisingly, Glyndebourne, due to open next year with a new and bigger theatre, does not intend to tap into the public demand for Wagner, even with its own international reputation and lengthy pre-season rehearsal period. "Wagner doesn't loom large in our plans," said a spokeswoman. "But this is more for artistic reasons than practical ones. We want to stick to the kind of operas we have always done best."

By restricting performances of Wagner, UK opera houses have ensured a stiff demand. But are they depriving themselves of an easy income by holding back?

The risk is that unrationed Wagner would soon lose its pulling power. As Caulton says: "The ultimate success of Wagner next to Verdi and Puccini is never really tested, because it is simply not staged as frequently." And Gubbay, who says it would be "wonderful" to stage Wagner on the same scale as *Aida* at Wembley is not convinced that there would be an audience. "Wagner might be popular with the cognoscenti," he said. "But you know what they say: a Wagner opera starts at 5pm. After an hour and half you look at your watch, and it says 5.20pm."

***Emma Tucker***

The Dublin Theatre Festival/**Alannah Hopkin**

# Rights and famine

THE undisputed star of the Dublin Theatre Festival's first week is the Royal Shakespeare Company's magnificent production of *The Winter's Tale* directed by Adrian Noble. Its combination of verve and opulence and the sheer excellence of the acting had audiences gasping with wonder.

Dublin's Gate Theatre has imported Karel Reisz to direct Niamh Cusack in *A Doll's House* while the Abbey's artistic director Garry Hynes has chosen to mark the end of her term there by directing Tom Murphy's 1968 play, *Famine*. Both provide long evenings of serious theatre but fail to generate the excitement that was around last summer when new plays by Brian Friel and Billy Roche were staged.

It seems a rather unfestive festival, almost jinxed. A new play by Joe O'Byrne has been withdrawn at the last minute, as has a one-man show by Dubliner Mannix Flynn; the only big excitement left in the second week is Rough Magic's production of *The Way of the World* in 1930s costume; and as I write this I am told of the death of Cyril Cusack whose daughter plays the lead in *A Doll's House*.

Moving, but not as shocking as in 1879: Niamh Cusack as Norah in Karl Reisz' production of Ibsen's 'The Doll's House' at the Gate Theatre during the first week of the festival

Karel Reisz has come to theatre direction from a long and distinguished cinema career (*Saturday Night and Sunday Morning, Morgan – a Suitable Case for Treatment*, etc) – his work shows the stamp of maturity in its precision and its lack of gimmickry. Reisz realises that *A Doll's House* is not about divorce or the rights of women, but about the romantic notion of self fulfilment, and consequently the final scene in which Norah leaves her husband and children to "find herself" remains as moving if not quite as shocking as in 1879.

Assheton Gorton's set is a stuffy, over-decorated, predominantly brown bourgeois apartment with doll's house-like cut out ornaments among its plaster work. Rupert Murray's atmospheric lighting works in conjunction with the set's unusual perspective to change mood and highlight the drama.

It is generally the child-wife Norah who gains all the attention and sympathy, but here equal weight must be given to her husband, Torvald, impeccably played by Ian McElhinney. Torvald is not portrayed as an unfeeling monster, but as a kind, affectionate and almost fun-loving husband. True, he can also be bossy, insensitive and pompous, but these are not the reasons why Norah is leaving: it is the conventions of society that she is rebelling against rather than her husband who just happens to embody these restrictions. When Torvald realises he is being rejected you feel positively sorry for him. The tragedy is as much Torvald's as Norah's.

Niamh Cusack looks the right age for Norah – late 20s, say. Her rather stagey mannerisms seem at odds with such a realistic play, and even apparently impulsive movements appear carefully choreographed. She can certainly hold an audience, but I missed the depths of angst which a more intellectual (and almost inevitably older) actress could bring to the part.

Susan FitzGerald is wonderfully self-assure as the friend, Mrs Linde, and Timothy Walker's Krogstad is slightly seedy as well as sinister. My only reservation about this highly accomplished evening is the decision to play the three acts with two intervals.

In fact, the Gate's production ran for only a quarter of an hour longer than the Abbey's *Famine*, which had only the one interval. There is a school of thought which believes that *Famine* is a neglected classic. It does not seem particularly neglected to me, having had two previous productions in Dublin and one in Galway, neither does it seem in any sense a classic.

*Famine* is written in a series of 12 scenes set in the village of Glanconnor in 1846, the second year that the potato crop failed. It charts the effect of hunger on a group of villagers. Some take up the only relief offered by the landlord, a ticket to Canada. One man kills two policemen, hoping to start an uprising. Others die or are dying.

The chief problem with the play is its schematic form. Peasants, priests and landlords all represent particular reactions to events but never emerge as real characters. It is more like watching a very violent pageant than a play.

I hoped that Garry Hynes would do something new with it, but alas, no. The set by Frank Conway, consists of a tumbled down stone circle which occupies most of the stage and confines the actors to the centre or the wings to no good purpose. They sometimes rant so hard that they become inaudible. The lighting, which fails to illuminate the relevant faces, does not help. For once here is a play which demands historical accuracy and instead we are given pointless anachronisms – cigarettes, barbed wire. The degradation and suffering of the famine's victims, the misguided government policy and the consequent impotence of the landlords are clearly shown here, but they are not made into theatre. We need a play about the famine, but this is not the one.

Chess No 991: 1 h7 (threat 2 Rd7+ Kxf8 3 h8Q mate). If 1...Kxf8 2 h8Q+ and 3 Qe8. So the finish is 1...h1Q 2 Ng6+ Kf7 3 Rxh1 Kxg6 4 h8N.

# TELEVISION

## SATURDAY

### BBC1

7.00 Lassie. 7.25 News. 7.30 Working Together. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.15 Marlene Marlowe Investigates. 8.35 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

**12.12 Weather.**
**12.15 Grandstand.** Introduced by Steve Rider. 12.20 Football Focus: Bob Wilson previews the coming week's World Cup qualifying action. 1.00 News. 1.05 Boxing: Henry Wharton v Darrin Allen in York. 1.30 Judo: The World Championships in Hamilton, Ontario. 1.55 Racing from Ascot: The 2.00 Anglo African Holdings Two-Year-Old Autumn Stakes. 2.05 Judo. 2.25 Racing: The 2.30 Princess Royal Stakes. 2.35 Motorsport: Murray Walker looks back at the season's Formula Three Championship. 2.55 Racing: The 3.00 Bovis Stakes (H'cap). 3.10 Gymnastics: The Birmingham Classic. 4.40 Final Score. Times may vary.
**5.15 News.**
**5.25 Regional News.**
**5.30 Dad's Army.** Classic wartime comedy.
**6.05 Happy Families.** Families from Croydon and Manchester take part in a variety of wacky games to rescue their grannies from captivity.
**6.50 Big Break.** Snooker professionals help members of the public compete for big prizes.
**7.20 Challenge Anneka.** Anneka is asked to manufacture and display a new fashion collection in less than three days.
**8.10 Casualty.** A drug-related stabbing and a serious accident in a freight lift lead to trouble for the accident and emergency department.
**9.00 Harry.** The murder of a retired Army officer puts the investigative reporter (Michael Elphick) on the trail of the IRA – until he discovers the real villains much closer to home. His investigation into the killing brings him into conflict with old Fleet Street rivals.
**9.50 News and Sport; Weather.**
**10.10 Film: The Women In Red.** Farcical romantic comedy, directed by and starring Gene Wilder. A middle-aged married man becomes over-infatuated with a gorgeous model (Kelly Le Brock) (1984).
**11.35 Danny Baker After All.** Offbeat chat show, hosted by Danny Baker.
**12.25 Film: Who?** Futuristic espionage thriller, starring Elliott Gould as an FBI agent investigating the mysterious disappearance of an American scientist in Russia (1974).
**1.55 Weather.**
**2.00 Close.**

### BBC2

8.15 Open University. 9.55 Macgregor's Scotland. 10.25 Dhoop Kinarey. (English subtitles). 11.05 Network East. 11.35 Chanakya.(English subtitles).

**12.15 Film: Gone to Earth.** A young Welsh girl marries a powerful minister, but secretly yearns for the local squire. Jennifer Jones stars (1950).
**2.05 Civilisation.** This special re-run of Sir Kenneth Clark's acclaimed arts documentary series from the 1970s begins with a look at The Dark Ages, which covered the six centuries after the Roman Empire collapsed, and examines the impact this period had on European art and life.
**3.00 Film: The Life and Death of Colonel Blimp.** Sentimental drama chronicling the career of a British soldier (Roger Livesey) through three wars. With Deborah Kerr (1943).
**5.40 Chasing the Light.** Behind-the-scenes look at the making of Kenneth Branagh's Much Ado About Nothing.
**6.10 Late Again.** Highlights.
**6.55 DJ Heaven.** Profile of Tony Blackburn, the first disc-jockey to broadcast on Radio 1 when the station debuted in 1967.
**7.25 News and Sport; Weather.**
**7.40 World Chess Championships.** Short v Kasparov; Karpov v Timman.
**8.10 Poems on the Box.** Introduction to a series of modern and classical poetry readings, featuring a selection of archive interviews with such influential figures as TS Eliot, Ezra Pound, WH Auden, Robert Graves, Alan Ginsberg and Philip Larkin.
**8.50 The Biddy Baxter Story.** Sarah Dunant talks to the legendary Blue Peter editor about her life.
**9.00 Nina Simone: The Legend.** Profile of the outspoken jazz singer and supporter of the black rights movement.
**9.50 The Old Devils.** Alun makes a last-ditch attempt to write a literary masterpiece, but finds criticism of his first manuscript hard to take. Rhiannon and Peter finally bring their affair out into the open. Andrew Davies' adaptation of the novel by Kingsley Amis, starring John Stride, James Grout, Ray Smith and Sheila Allen.
**10.50 Video Diaries.**
**11.50 Film: The Caretaker.** Screen adaptation of Harold Pinter's psychological drama. Donald Pleasence stars as a conniving tramp who invades the lives of two brothers. With Alan Bates and Robert Shaw (1964).
**1.45 Close.**

### LWT

8.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

**1.00 ITN News; Weather.**
**1.05 London Today; Weather.**
**1.10 Movies, Games and Videos.** Reviews of the wacky comedy Coneheads, starring Dan Aykroyd, and Whoopi Goldberg in Sister Act
**1.40 Film: Hannibal Brooks.** A British prisoner of war is assigned to evacuate valuable elephants from a Munich Zoo during World War Two. Comic drama, starring Oliver Reed (1969).
**3.30 WCW Worldwide Wrestling.** Action with the American giants.
**4.15 Cartoon Time.**
**4.40 ITN News and Results; Weather.**
**5.00 London Today and Sport; Weather.**
**5.15 Baywatch.** Part two. Mitch undergoes physiotherapy to help him regain the use of his legs. David Hasselhoff stars.
**6.10 Gladiators.** Daring contenders from Belfast, Norfolk, Buckinghamshire and Stockport take part in another challenge of muscle power.
**7.10 Blind Date.** Love-struck contestants choose a would-be partner.
**8.10 Dame Edna's Neighbourhood Watch.** The Australian megastar, aided by Madge and Sister Bedgegood, invades another unsuspecting housewife's privacy.
**8.40 ITN News; Weather.**
**8.55 London Weather.**
**9.00 The Bill.** DC Carver carries out a drugs raid on the premises of an alleged crack dealer, and uncovers the truth behind a respectable young man leading a double life.
**9.30 The Best of Enemies.** Just minutes before tonight's big fight, Jonathan Ross referees a specially-recorded verbal sparring match between Chris Eubank and Nigel Benn. Actor Mickey Rourke, who also boxes as a super middleweight, is joined by world title holder James Tony to discuss possible tactics.
**10.15 The Big Fight – Live.** Nigel Benn takes on Chris Eubank for the WBO and WBC Super Middleweight titles.
**11.25 Film: Smokey and the Bandit III.** Comedy adventure, starring Jackie Gleason as Sheriff Buford T Justice, who accepts a wild challenge to race from Miami to Texas in under 24 hours (1983).
**1.00 The Big E; ITN News Headlines.**
**1.55 It's Bizarre; ITN News Headlines.**
**2.50 New Music.**
**3.55 European Nine Ball Pool Masters.**
**4.50 BPM; Night Shift.**

### CHANNEL4

6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 Sign On. 12.30 pm Lalu, In Her Own Voice.

**1.05 The 32nd World Eskimo Indian Olympics.** The weird and wonderful world of Inuit sports.
**2.05 Racing from York.** Coverage of the 2.15 Crowther Homes Handicap, 2.45 ANC Rockingham Stakes, 3.15 Coral Sprint Trophy (H'cap), and the 3.45 Carling Black Label Stakes (H'cap).
**4.00 World Chess Championship.** The latest moves from the Short v Kasparov game at London's Savoy Theatre.
**5.05 Brookside; News Summary.**
**6.30 Right to Reply.**
**7.00 God: For and Against.** Sheena McDonald presents the first of two debates on the existence of God. Writer and former nun Karen Armstrong argues that the presence of evil in the world proves there cannot be a deity, while Father Herbert McCabe, lecturer at Oxford University, presents the opposing case. Live from Oxford University's divinity school.
**8.00 World Chess Championship.** Nigel Short v Garry Kasparov match at the Savoy Theatre in London.
**8.30 Whose Line Is It Anyway?** Greg Proops, Brad Sherwood, Ryan Stiles and Colin Mochrie in another improvised battle of wits.
**9.00 The Camomile Lawn.** A friend's funeral prompts a family to remember events during 1939, when the arrival of Jewish refugees led to events that were to shape their lives for more than half a century. Another chance to see the steamy adaptation of Mary Wesley's novel, starring Felicity Kendal, Paul Eddington and Tara Fitzgerald.
**10.05 Rory Bremner: Who Else?** New series. The man of many faces brings his sharp observations to Saturday nights with this highly topical series, recorded the previous evening, which features such victims as Trevor McDonald, Geoff Boycott and Michael Grade.
**10.50 Film: Shadows.** Improvised racial drama, examining the relationship between a black jazz musician (Hugh Hurd) and his siblings, who are able to pass as white (1959).
**12.25 World Chess Championship.**
**1.00 Film: Platinum Blonde.** An investigative reporter falls for a high society girl and gives up his job, only to grow bored with a life of ease. Jean Harlow stars (1931).
**2.35 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:**
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 The Littlest Hobo. 1.35 COPS. 2.05 Voyage to the Bottom of the Sea. (1961) 3.45 The A-Team. 5.00 Anglia News and Sport 5.55 Anglia Weather.

**BORDER:**
12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Kick Off. 1.40 Granada Sport: Action. 3.05 Superstars of Wrestling. 5.00 Border News and Weather 5.10 Sports Results.

**CENTRAL:**
12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Knight Rider. 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match: Goals Extra. 11.25 The Little Foxes. (1941)

**GRAMPIAN:**
12.30 Cruinne-Ce. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus an Zee Zone. 2.40 Tomas Tollaech 'S A Charaidean. 2.45 Cuirm Cloinne. 2.55 Movies, Games and Videos. 3.25 Zorro. 3.55 WCW Worldwide Wrestling. 5.00 Grampian Headlines 5.05 Grampian News Review.

**GRANADA:**
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 1.40 Granada Sport: Action. 3.05 Superstars of Wrestling. 5.00 Granada News 5.05 Goals Extra.

**HTV:**
12.30 Movies, Games and Videos. 1.05 HTV News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 Cartoon. 2.20 Let the Balloon Go. (1976) 3.45 The A-Team. 5.00 HTV News and Sport 5.55 HTV Weather.

**MERIDIAN:**
12.30 Movies, Games and Videos. 1.05 Meridian News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 BMX Bandits. (1984) 3.50 Cartoon. 3.55 WCW Worldwide Wrestling. 5.00 Meridian News.

**SCOTTISH:**
12.30 Movies, Games and Videos. 1.05 Scotland Today. 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus an Zee Zone. 2.40 Vet School. 3.10 The Sullivans. 3.40 The A-Team. 5.00 Scotland Today 5.55 Scottish Weather. 11.25 First Reels. 11.55 Smokey and the Bandit III. (1983)

**TYNE TEES:**
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 For the Love of Ada. (1972) 3.45 Highway to Heaven. 5.00 Tyne Tees Saturday

**ULSTER:**
12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Nigel Mansell's IndyCar '93. 1.50 Movies, Games and Videos. 2.20 Cactus Jack. (1979) 3.55 WCW Worldwide Wrestling. 5.00 UTV Live News 5.05 Saturday Sport. 5.55 UTV Live News

**WESTCOUNTRY:**
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.10 Nigel Mansell's IndyCar '93. 1.40 The A-Team. 2.35 Cartoons. 2.50 Birthday People. 2.55 Dinosaurs. 3.25 Anybody Out There? 3.55 WCW Worldwide Wrestling. 5.00 Westcountry Weekend Latest.

**YORKSHIRE:**
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 For the Love of Ada. (1972) 3.45 Highway to Heaven. 5.00 Calendar News.

## SUNDAY

### BBC1

7.00 Ceefax Pages. 7.25 The High Chaparral. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day. 10.00 See Hear! 10.30 Winning. 11.00 Careering Ahead. 11.30 Measure for Measure.

**12.00 Blooming Bellamy.** David Bellamy scours the pavements of London for herbs with medicinal properties.
**12.30 CountryFile.** Rural and agricultural news.
**12.55 Weather for the Week Ahead.**
**1.00 News.**
**1.03 On the Record.** John Humphrys analyses events in British politics.
**2.00 EastEnders.**
**3.00 Film: Perry Mason: The Case of the Scandalous Scoundrel.** Raymond Burr as the crusading attorney defends a client accused of murdering a sleazy magazine publisher. With Yaphet Kotto (TVM 1987).
**4.35 Biteback.** Right-to-reply programme, with Sue Lawley.
**5.15 Nanny Knows Best.** Nanny Smith gives advice on childcare problems, including the case of a shy three-year-old boy preparing for nursery.
**5.45 The Clothes Show.** International collections from Milan, new retail chains for larger women, and winter footwear based on Victorian designs.
**6.10 News.**
**6.25 Songs of Praise.**
**7.00 Keeping Up Appearances.**
**7.30 Lovejoy.** Eric's uncle embroils him in a smuggling racket – leading the police to Lovejoy. Warren Mitchell and Reece Dinsdale guest star.
**8.20 Birds of a Feather.**
**8.50 News and Weather.**
**9.05 Screen One: Money for Nothing.** An ambitious 16-year-old boy is left with a slight problem after successfully bidding for an old hospital building – where can he find the £1m to close the transaction? Accompanied by a beautiful nurse and pursued by an irate auctioneer, the boy sets out on a comic quest through the world of high finance taking him all the way from London to New York. Tim Firth's comedy drama, starring Hollywood actor Martin Short and Christien Anholt.
**10.40 Heart of the Matter.** Joan Bakewell visits Pittsburgh to discover how Laura Davies and her parents are coping with the recent transplant operation.
**11.15 Shoulder to Shoulder: Annie Kenney.** Alan Plater's play set in 1904 about a female mill worker who transforms the suffragette movement.
**12.35 Weather.**
**12.40 Close.**

### BBC2

7.30 The Really Wild Global Birdwatch. 7.35 Playdays. 8.00 System 93. 8.25 The Really Wild Global Birdwatch. 8.35 Blue Peter. 9.20 Albert the 5th Musketeer. 9.45 The Really Wild Global Birdwatch. 9.55 Jonny Briggs. 10.05 Rugrats. 10.30 The Really Wild Global Birdwatch. 10.40 Grange Hill. 11.00 The O Zone. 11.20 Futurecooks. 11.45 The Really Wild Global Birdwatch. 12.00 Stingray. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

**1.40 Film: The Half-Breed.** A gambler is accepted into Apache society after helping a half-breed escape persecution. Robert Young stars (1952).
**3.00 Beyond Innocence.** Concluding part of Wolfgang Menge's drama. As Nazi scientists compete for rare research materials, the American-led team at Los Alamos looks set to win the nuclear race.(English subtitles).
**4.25 On the Line Special.** Debate on the state of English soccer, including the conflicting views of former player Eamonn Dunphy, FA chief executive Graham Kelly and advertising executive Alex Fynn.
**5.10 Rugby Special.** Wasps v Bath. Coverage of the English League match.
**6.10 A Passion for Angling.** Bob James and Chris Yates brave the elements to go fishing along the River Kennet.
**7.00 The Money Programme.** Reports from Britain and the United States on a new epidemic sweeping industry – executive stress.
**7.40 Nature by Design.** How engineers try to improve on nature in their quest for future innovations.
**8.10 K: Kenneth Clark 1903-1983.** A profile of the influential writer, lecturer and art historian, best remembered for his landmark TV series, Civilisation, and whose career was shadowed by a troubled personal life.
**9.05 World Chess Championships.** Peter Snow presents a round-up of the rival matches.
**9.35 Film: The Sure Thing.** Rob Reiner comedy, starring John Cusack and Daphne Zuniga as a pair of mutually antagonistic college students who find themselves in the unfortunate position of travelling cross country together.
**11.10 Love Tory: A Film Portrait of Alan Clark.**
**12.00 Film: Pete Kelly's Blues.** Musical set in the 1920s. A trumpeter makes a stand against the Mob. Jack Webb directs and stars, with Janet Leigh, Peggy Lee and Ella Fitzgerald. First in a week-long season of jazz tributes.(1955).
**1.35 Close.**

### LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm Crosstalk; London Weather.

**1.00 ITN News; Weather.**
**1.10 Walden.** Brian Walden asks Michael Howard, the home secretary, whether the government is planning to follow a Thatcherite direction?
**2.00 Heidi.**
**2.30 The Sunday Match.** Live coverage of Watford v Middlesbrough from Vicarage Road.
**5.00 Murder, She Wrote.**
**6.00 London Tonight; Weather.**
**6.20 ITN News; Weather.**
**6.30 Dr Quinn: Medicine Woman.**
**7.30 Heartbeat.** A snowstorm, a train crash and a pregnant woman cause headaches for rural bobby Nick and his doctor wife Kate. Nick Berry and Niamh Cusack star.
**8.30 You've Been Framed!**
**9.00 London's Burning.** Blue Watch is called to a fatal blaze on a run-down estate, where a woman and her two daughters have been using their flat as a clothes factory. Hallam, temporarily assigned to the fire investigation unit, also attends the incident, and learns an important lesson. Meanwhile, Sicknote finds life as the object of unrequited love a bit of a strain, and Nick meets a mysterious woman at a party. Starring Andrew Kazamia, James Hazeldine, Richard Walsh and Sean Blowers.
**10.00 Hale and Pace.** Skits and sketches with the comedy duo.
**10.30 ITN News; Weather.**
**10.40 London Weather.**
**10.45 The South Bank Show.** An interview with acclaimed Canadian author Margaret Atwood, whose last two novels – Cat's Eye, and The Handmaid's Tale – both reached the Booker Prize shortlist. Atwood's latest work, The Robber Bride, which explores the damage wreaked on the lives of three couples by a manipulative femme fatale, is due to be published tomorrow. Gillian Greenwood talks to the writer in and around her home city of Toronto, and presents extracts from her work.
**11.45 Sail the World.** Further coverage and up-to-date reports from the Round-the-World Yacht Race.
**12.15 Cue the Music.**
**1.15 Get Stuffed; ITN News Headlines.**
**1.20 War of the Worlds.**
**2.10 Get Stuffed; ITN News Headlines.**
**2.15 Derrick.**
**3.20 Pro Box Classics.**
**4.20 Olympic Dream.; Out of Limits.**
**5.00 Crusade in the Pacific.**

### CHANNEL4

6.00 Early Morning. 9.30 Wowser. 9.45 Flipper. 10.15 Beat That Sport. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

**12.45 Film: Knight Without Armour.** Romantic adventure. Englishman Robert Donat helps widowed countess Marlene Dietrich escape from post-Revolution Russia (1937).
**2.45 The Totter.** The life of a third-generation rag-and-bone man.
**3.15 Film: The Drum.** A young Indian prince (Sabu) enlists the British Army to overthrow the evil uncle who murdered his father. With Raymond Massey, Roger Livesey, Valerie Hobson and Desmond Tester. Part of the Korda season. (1938).
**5.00 News.**
**5.05 World Chess Championship.** Review of the week's Short v Kasparov games and a look ahead to the next three matches. Presented by Carol Vorderman.
**6.00 Opening Shot.** The search to assemble Britain's best boy choristers for a "super-choir" to record church music by 17th century composer and Westminster Abbey organist Henry Purcell.
**6.30 The Cosby Show.**
**7.00 Equinox.** In 1991, geologists accurately predicted the eruption of the volcano Mount Pinatubo in the Philippines. Although thousands of people were made homeless, most escaped with their lives thanks to an unprecedented evacuation which kept the death toll down to less than 500. Equinox follows events before, during and after the eruption, and shows how it led to a major breakthrough in the relatively young science of volcano forecasting.
**8.00 Classic Motorcycles.** Timothy Spall looks at the heyday of Britain's motorcycle industry and the causes of its demise.
**8.30 Screaming Reels.** Trout fishing with Loyd Grossman, and a look at the art of fish taxidermy.
**9.00 Visionaries.** Profile of Petrea King, a Sydney-based counsellor who helps terminally ill patients accept the fact of their own mortality.
**10.00 Film: House Party.** Comedy musical, following the efforts of rap duo Kid 'n' Play to stage an extravagant party. (1990).
**11.55 Film: Let's Hope It's a Girl.** A countess joins forces with her female relatives in a struggle to maintain the family farm. Light-hearted drama, starring Liv Ullmann (1985).(English subtitles).
**2.10 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:**
12.30 Help. 12.55 Anglia News. 2.00 Treasures of the Titanic. 3.10 A Caribbean Mystery. (TVM 1983) 5.00 Bullseye. 5.30 Heirloom. 6.00 Anglia News on Sunday 10.40 Anglia Weather.

**CENTRAL:**
12.30 Take 15. 12.45 Central Newsweek. 12.55 Central News 2.00 1st Night. 2.25 The Mountain Bike Show. 2.50 The Central Match: Live. 5.35 Life Goes On. 6.15 Central News 10.40 Central Weather. 11.45 Prisoner: Cell Block H.

**CHANNEL:**
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Highway to Heaven. 3.00 Big Bob Johnson and His Fantastic Speed Circus. (1978) 4.45 Father Dowling Investigates. 5.45 The Village. 6.15 Channel News. 11.45 Serve You Right.

**GRAMPIAN:**
12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Last of the Wild Camels. 2.30 Highway to Heaven. 3.30 Nigel Mansell's IndyCar '93. 4.00 Sail the World. 4.30 Scotsport. 5.30 The Business Game. 6.00 Country Ways. 6.15 Grampian Headlines 10.40 Grampian Weather. 11.45 First Reels.

**GRANADA:**
12.25 Close to the Edge. 12.55 Granada News 2.00 Highway to Heaven. 2.55 Cartoon Time. 3.10 The Assisi Underground. (1984) 5.15 Go for Goal. 5.45 Animal Country. 6.15 Granada News

**HTV:**
12.30 HTV News. 12.35 HTV Newsweek. 2.00 Inner Journeys. 2.45 The West Match. 3.40 The Ted Kennedy Jnr Story. (1986) 5.15 Dinosaurs. 5.45 Anybody Out There? 6.15 HTV News. 10.40 HTV Weather. 11.45 Wanted Dead Or Alive.

**MERIDIAN:**
12.30 Seven Days. 12.50 Meridian News. 2.00 Highway to Heaven. 3.00 Big Bob Johnson and His Fantastic Speed Circus. (1978) 4.45 Father Dowling Investigates. 5.45 The Village. 6.15 Meridian News. 11.45 Serve You Right.

**SCOTTISH:**
10.15 Wemyss Bay 902101. 11.00 Link. 11.15 Sunday Morning. 11.45 Sunday Service. 12.30 Eikon. 12.45 Weir's Way. 12.55 Scotland Today. 2.05 Sparkling Cyanide. (TVM 1983) 4.00 The $64,000 Question. 4.30 Scotsport. 5.30 The Business Game. 6.00 The Box. 6.15 Scotland Today 11.45 Sunday Morning.

**TYNE TEES:**
12.25 Lives in Focus. 12.50 Tyne Tees Newsweek. 2.00 Life Goes On. 2.55 The Tyne Tees Match. 5.20 The Champions: Where Are They Now? 5.50 Tyne Tees Weekend. 11.45 The Trials of Rosie O'Neill.

**ULSTER:**
12.30 Gardening Time. 12.55 UTV Live News 2.00 Bullseye. 2.30 Brand New Life. 3.25 Police Six. 3.35 The Ted Kennedy Jnr Story. (1986) 5.10 Country Gospel with Ann Williamson. 6.10 Witness. 6.15 UTV Live Evening News 10.40 UTV Live News.

**WESTCOUNTRY:**
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Children's Island. 2.30 Life Goes On. 3.30 Crisis At Sun Valley. (1978) 5.15 Highway to Heaven. 6.15 Westcountry Weekend Latest.

**YORKSHIRE:**
12.25 Newsrang. 12.50 Calendar News. 2.00 Life Goes On. 2.55 Love Among Thieves. (TVM 1987) 4.45 Cartoon. 4.50 Dinosaurs. 5.20 The Champions: Where Are They Now? 5.50 Calendar News and Weather 11.45 The Trials of Rosie O'Neill.

# RADIO

## SATURDAY

**BBC RADIO 2**
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 On the Town. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Bob Holness Requests the Pleasure. 7.00 Salutations. 7.30 The Magic of Vienna. 8.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

**BBC RADIO 3**
6.55 Weather.
7.00 Record Review. Weber, Handel, Jolivet, Du Mont, Schubert, Korngold, Gershwin, Beethoven.
[illegible] Spirit of the Age.
1.00 News.
1.05 Replay.
1.25 New London Orchestra.
2.10 Rhapsody in Green.
2.30 Monteverdi's Madrigals. New series.
3.00 Vintage Years.
5.00 Jazz Record Requests.
5.45 Music Matters. Discussion on a newly discovered Berlioz mass.
6.30 Carmen. Adolfo Marsillach's production of Bizet's opera. Sung in French.
9.30 Studio Three: Biological Radio. Unusual romantic drama, by Mike Ladd.
10.15 Scenes from the East. Schumann, Raff, Gilels, Meyer.
11.00 Impressions. Brian Morton reviews jazz releases.
12.30 News.
12.35 Close.

**BBC RADIO 4**
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway. Bed and breakfast in Indiana's Amish community.
10.00 Loose Ends.
11.00 Conservative Party Conference Special.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse. Whale Music, by Anthony Minghella.
4.00 What If? Debate on politics in the 1960s.
4.30 Science Now.
5.00 The Living World.
5.25 Fourth Column.
6.00 News and Sports.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre: Whee 'Oss. Two interweaving love stories by R.E.T. Lamb.
9.05 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 When Youth Grows Pale.
10.45 The World of Anthony Trollope.
11.00 Richard Baker Compares Notes.
11.30 Deadlock. Kathleen Turner stars as VI Warshawski.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

**BBC RADIO 5**
6.00 World Service.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Superman: Doomsday and Beyond.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 World Title Fight.
11.00 The Way Out.
12.00 Close.

**WORLD SERVICE**
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 News; British News; The World Today. 7.30 Europe Today. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports. 11.00 News; Jazz Now And Then; Letter From America. 11.30 Waveguide. 11.40 Book Choice. 11.45 From The Weeklies. 12.00 Newsdesk. 12.30 BBC English. 12.45 Mittagsmagazin: News in German. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 News; Sportsworld. 5.00 News; British News; BBC English. 5.30 Heute Aktuell: News in German. 6.00 News; Omnibus. 6.30 BBC English. 7.00 Newsdesk. 7.30 Heute Aktuell: News in German. 8.00 News in German. 9.00 News; Words of Faith; Personal View; Jazz For The Asking. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 The John Dunn Show. 2.00 News; Play of the Week: A Dangerous Game. 3.00 Newsdesk. 3.30 From Hoplite To Harrier: A Radio History Of Warfare. 4.00 News; British News; Sports. 4.30 From Our Own Correspondent. 4.50 Write On.

## SUNDAY

**BBC RADIO 2**
7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Hubert Gregg. 5.00 Charlie Chester. 7.00 Choirgirl of the Year. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Charles Nove. 3.00 Alex Lester.

**BBC RADIO 3**
6.55 Weather. 7.00 Sacred and Profane. Bach, Schumann, John Tavener. 9.00 Brian Kay's Sunday Morning. Smetana, JS Bach, Shostakovich, Debussy, Vivaldi, Saint-Saens, Mozart, Farnon, Beethoven, Boccherini, Bartok, Liszt, Dvorak, Elgar. 12.15 Music Matters. 1.00 News. 1.05 The Sunday Concert. Stravinsky and Strauss. 2.45 Music at Boxgrove. Beethoven, Brahms, Grieg, Ravel. 4.10 Berlin Philharmonic Orchestra. Arvo Part, Shostakovich, Franz Schmidt. 5.45 Making Waves. With Gore Vidal. 6.25 Rachmaninov. 7.30 Sunday Play: Pioneers in Ingolstadt. By German dramatist Marieluise Fleisser. 9.00 Music In Our Time. Berio, Bill Frisell, Reich Vermont, Mike Gibbs. 10.20 Choir Works. New series. Bach. 12.30 News. 12.35 Close.

**BBC RADIO 4**
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Sue MacGregor. Speaks on behalf of the National Forum on Aids and Children.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Cut the Mustard.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: The Small House at Allington.
3.30 Pick of the Week.
4.15 Analysis.
5.00 John Walters in a Surrey Cemetery.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Pennine People. The story of first Labour Chancellor Philip Snowden.
6.30 New Europeans. David Lodge visits Florence.
7.00 In Business.
7.30 Cult Classics.
8.00 Against the Odds. Carl Chinn explores the history of gambling.
8.30 Opinion. The effects of the war in Yugoslavia.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 City Lights, City Shadows.
11.00 Conversation Piece.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

**BBC RADIO 5**
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Truth in Dark Places.
10.00 Johnnie Walker.
12.30 Simon Fanshawe's Sunday Brunch.
1.40 Open Forum.
2.00 Writer's Weekly.
2.30 Room 101.
3.00 Sunday Sport.
6.00 On the Road With.
6.30 Choosing a School: Primary.
7.15 Money Talk.
7.45 In Other Words.
8.00 Italianissimo I.
8.30 Mitchell Am Rhein.
9.00 Restart French.
9.30 Black Museum.
10.10 Across the Line.
12.00 Close.

**WORLD SERVICE**
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:
6.00 German Sunday Feature. 6.30 Composer Of The Month: Giacomo Puccini. 7.00 News; British News; Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Short Story: Golden Opportunities. 10.30 Folk Routes. 10.45 Sports. 11.00 News; Science In Action. 11.30 In Praise Of God. 12.00 Newsdesk. 12.30 BBC English. 12.45 News and Press Review in German. 1.00 News; Play of the Week: A Dangerous Game. 2.00 Newshour. 3.00 News; Pilgrimages Of Hope. 3.30 Anything Goes. 4.00 News; Concert Hall. 5.00 News; British News; BBC English. 5.30 News in German. 6.00 News; Business Review; BBC English. 7.00 Newsdesk. 7.30 News in German. 9.00 News; Words of Faith; Folk Routes. 9.30 Europe Today. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports. 12.00 News; Business Review; Ray On Record. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News; In Their Element – Earth. 2.45 The Cello On Record. 3.00 Newsdesk. 3.30 Composer Of The Month: Giacomo Puccini. 4.00 News; British News; Sports. 4.30 Anything Goes.

# CHESS

IN SPITE of a public perception of a British disaster, Nigel Short is scoring better against Gary Kasparov than at the start of their marathon in London's Savoy Theatre. Thursday's draw was Short's sixth half point in seven games. It left him trailing 4½-9½, an overall performance ahead of his predicted total from pre-match ratings.

His new strategy includes solid defences and damage limitation as Black. Playing White, Short often has excellent middle game positions.

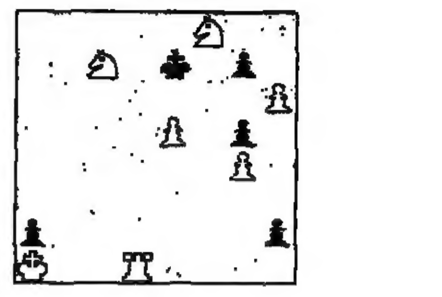
The snag is that he freezes whenever he has the chess equivalent of an open goal. Short needs to win once to emerge from the series in honourable defeat and chances are running out as Kasparov nears the winning total.

Thursday provided another example. Short's central pawns were motoring up the board, and a simple advance would have put Kasparov in a dire position. Instead Short tamely retreated his queen. At the end Kasparov could have played on instead of agreeing a draw.

Meanwhile the rival Fide championship has been rescued by Indonesia. Play resumes in the Jakarta Hilton next Saturday, with Anatoly Karpov leading Jan Timman 7-5. Fide's saviour is Mohammed Hassan, a timber millionaire and an amateur chessplayer with a penchant for five-minute blitz chess.

The breakaway PCA is aiming at the US market. Intel and Motorola are possible backers for the PCA qualifiers which will the champion's next opponent, but the PCA, like Fide, may have an image problem when potential sponsors consider the fraught events of 1993. World chess championships are looking overpriced.

No 991



White mates in four moves at latest. This diagram features a chess age record different from the usual reports of precocious children. Ernst Schaaf created this elegant puzzle when he was 96.

*Solution Page XXIV*

***Leonard Barden***

# BRIDGE

THIS hand comes from teams-of-four:

N
♠ 7 4
♥ A Q 3
♦ 10 7 5 4 3
♣ A 10 5

W
♠ K Q J 9 3
♥ 9 5 2
♦ J 9 8
♣ J 8

E
♠ 10 6 2
♥ J 10 8 6
♦ Q 6
♣ Q 9 4 2

S
♠ A 8 5
♥ K 7 4
♦ A K 2
♣ K 7 6 3

In room one South dealt with both sides vulnerable and bid one no trump. North raised to three to end the bidding.

West led the spade king, played the queen and a third spade was taken by the ace, dummy throwing a club. Declarer cashed diamond ace and king, dropping the queen from East and played the three. West won and defeated the contract with his spades. "Unlucky that West had three diamonds," said South.

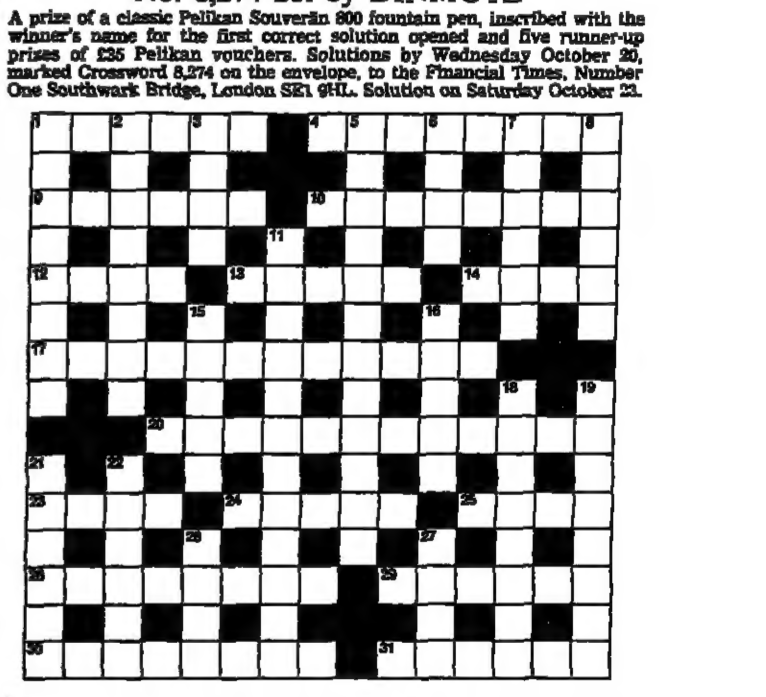
In the other room South was in the same contract against the same lead. Again declarer held up his ace until the third round, but at trick four he did not play a diamond from hand. If he plays ace or king, an expert East jettisons his queen, and the contract is doomed. This was missed by the first East, but South did not punish the error. This declarer saw an extra chance. He crossed to the heart queen and returned the diamond three, East produced the six and South won with the king. Crossing again to the heart ace, he returned another diamond, East's queen appeared and was allowed to hold the trick. Taking the heart return, South cashed the diamond ace, followed with king and ace of clubs, and claimed his contract with an overtrick. Remember this ploy – it turns up more often than you would think.

***E P C Cotter***

# CROSSWORD

## No. 8,274 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday October 20, marked Crossword 8,274 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 23.



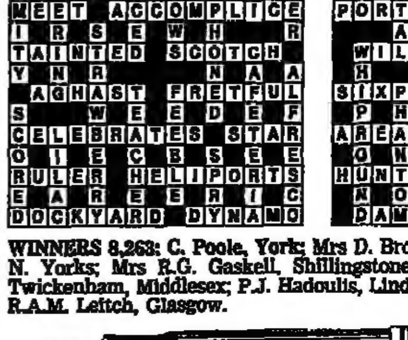
Name.................................................

Address.................................................

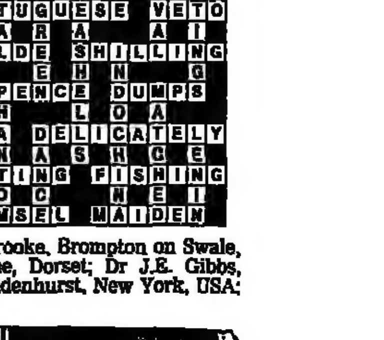
**ACROSS**
1 Call for attention – mountain-stream in advanced state! (6)
4 Make notes about spiritless lecture (8)
9 Pleasant clue, worked out within boundaries of Devonport (6)
10 Tiger's so wild, bearing stiff bristles (8)
12 They do not hold with one's involvement (4)
13 Extent to which a doctor takes vermouth, perhaps (5)
14 Inclined to be dishonest (4)
17 Reader of hands (12)
20 Problem Diane has to work out, difficult to assess (12)
23 Charges made by a chemist (4)
24 Standard quarters to break up sentence (5)
25 Very much love a card game (4)
28 Scottish flower-tartan, carefully worked out in secret (4-4)
29 Creature on its back displays bony plate (6)
30 No whole number in music? (4-4)
31 Eastern, loud carnival is played out (6)

**DOWN**
1 Chaff not recommended for the elderly? (8)
2 C-Claude's crashed in the road that leads nowhere (3-2-3)
3 University in which none are gated? (4)
5 Omitting a hyphen to brilliant effect? (7,1,4)
6 Deposited face up (4)
7 But he does not necessarily enjoy his evening out (6)
8 Oxford examinations for those with exceptional talents (6)
11 Italian Romeo in disguise shows some improvement (12)
15 Sandy's first home in Scotland, a blot! (5)
16 First signs of uncertainty – seek early retirement, say employers (5)
18 Rough number in air-base, possibly (8)
19 Pop article in French newspaper (8)
21 Embarrassed coming out of purdah? (4,2)
22 Turn up with a paper-shredder (6)
26 Almost a final cry of woe (4)
27 Low part of leg? A little lower! (4)

**Solution 8,274**



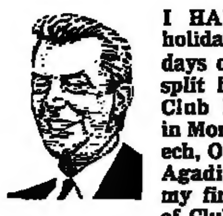
**Solution 8,263**



WINNERS 8,263: C. Poole, York; Mrs D. Brooke, Brompton on Swale, N. Yorks; Mrs R.G. Gaskell, Shillingstone, Dorset; Dr J.E. Gibbs, Twickenham, Middlesex; P.J. Hadoulis, Lindenhurst, New York, USA; R.A.M. Leitch, Glasgow.

# The plastic cup of friendship

*Michael Thompson-Noel*



HAWKS & HANDSAWS

I HAVE been on holiday, the last 10 days of which were split between three Club Med villages in Morocco: Marrakech, Ouarzazate and Agadir. This was my first experience of Club Med, and it left me mightily impressed. China's bid to stage the millennial Olympic Games may have been crushingly – and rightly – snubbed, but from what I saw in Morocco, China can derive solace and joy from the news that Club Med is to open its first holiday village there in 1995.

So happy was I in Morocco that I turned a blind eye to the cavortings of Miss Lee, my Thacherite executive assistant, who accompanied me on holiday and who filled her days and nights with an intense schedule of tennis lessons. Like most good Thatcherites, Miss Lee has a huge collection of exceedingly short tennis frocks. However, it was not the lessons that attracted Miss Lee so much as the young Arab instructors. They kept her out till all hours, often till pearly dawn; I presume the courts were floodlit.

Because Miss Lee had her hands full, I was left in peace to tackle a pile of books. The most enjoyable was Norman Lewis's latest volume, *An Empire of the East*, about travels in Indonesia. Lewis is regarded as the best living British travel writer. He has an infinitely sure touch, and is a wonderful reporter. Such a marvellous reporter that he has given me a big idea.

The idea struck me on Page 148. Lewis is in Jayapura, in Irian Jaya, hoping for a *surat jalan* (permission to travel) for the central highlands. Given its location, says Lewis, you would think that Jayapura would have been "full of the remembrance of things past, of jaded pretension, of the stage scenery of a tropical *fin-de-siècle* and dignified decline."

Nothing could be less true. Jayapura has no attractions. Some Indonesians see it as the Siberia of the tropics. But at 6pm on a Sunday, Lewis suddenly noticed a frenzied *rush to the shops*.

"On offer everywhere were sporting trophies in the shape of cups of all sizes with lavish and often dismal embellishment. The public had formed a tight cordon round the supermarket's central display, commenting excitedly on the maenads, *tritons and cherubs*, before making their choice... The shimmer of silver and gold misled. It was far and away the largest collection of such objects I had ever seen in one place, but all were of plastic, although indistinguishable at a distance ... from the real thing."

What was going on? A young assistant came to Lewis's aid. "You see," he said, "normally these cups are being awarded for achievements of many kinds. For running like greyhound. For throwing ball into net. For lifting heavy weight with separate class for lady competitors. Always the purpose is to encourage athletical success."

"But not today, you say?"

"Today is special occasion for giving such cups as presents to good friends. This, in Jayapura, is friendship day. If friendship is big, cup must be big. Oh yes, a man who receives much admiration may fill a room with them."

"But for every one he gets he must give one in return, isn't that so?"

"That he must do. That is natural thing."

"Well at least it's good for business."

"Oh yes. On friendship day we are being given shot in arm."

It struck me, as I read this, that what we need most is our own friendship day. This is a sad and weary planet ruled by a sad and weary species. In Britain, especially, we are consumed by self-disgust. We look with revulsion at everything around us, at what we have become.

Which is why I am setting great store by a British friendship day. Perhaps it will be next June. It is a balmy, friendly month. I am reasonably sure that Woolworth's sells plastic sporting trophies amid all its other rubbish. On national friendship day we shall give one to each friend. The bigger the friendship, the bigger the cup. And we shall utter something suitable, a mantra as it were – perhaps "God bless John Major."

I mentioned my scheme to Miss Lee. It was dawn in Agadir. The light was milky-pearly. She had just come in from her lesson. Her hair and frock were rumpled. There were circles under her eyes. I said: "This is probably our final chance, Miss Lee. We *need* a national friendship day. It will prove a shot in the arm."

■ *An Empire of the East*, Jonathan Cape, £16.99.

Private View / **Christian Tyler**

# A lifetime of learning in UN hotspots

Tony Andrews

*Margaret Anstee, the UN's first woman to head a peace-keeping mission, talks about her peripatetic career*

TO TRAVEL without a bodyguard is wonderful, said Margaret Anstee as she jetted off to her mud-brick house on the shores of Lake Titicaca.

Why should a 67-year-old Englishwoman retire to live alone among the Aymara Indians 4,000 ft up in the Andes? It's a character out of Evelyn Waugh, I said.

She laughed girlishly: "Oh, *please*!", but added: "Well, it *is* slightly mad."

The path to her Bolivian Shangri La has been extraordinary. It began in a village in Essex, traversed some of the world's worst trouble spots and disaster areas, and ascended almost to the summit of the United Nations. Her last assignment for the UN, which ended in June, was the globe's bloodiest conflict – Angola.

This week she landed in Bolivia from Williamsburg, Virginia, where she was awarded the Reves Prize for her contribution to world peace. She moves in to the adobe house next week.

At first she resisted when a friend suggested she build on the acre of land she had bought overlooking the lake and the peaks of the Cordillera Real.

"But it was a wonderful day," she said, "and the air is rather like champagne – what there is of it. So I thought OK, in for a penny, in for a pound. I also thought, I don't have any children and surely I can have a few little dreams in my life? And if it doesn't work out nobody suffers except me."

I asked: Can you manage on your own, fix things yourself?

"Oh, there are lots of people round about. The only problem is that the local community may regard me as a kind of billionairess and think I'm going to be able to do things for them which are rather beyond my means."

She has done, and will continue to do, things for them (there is a hospital named after her), has taken Bolivian citizenship, and will act as an unofficial adviser to the government in La Paz.

"After the traumatic experience of Angola it's going to be very nice trying to help people to live better rather than ineffectually trying to stop them killing one another."

There is nothing spinsterish about Miss Anstee. She bounced into the lobby of her London club wearing an outlandish trouser suit which showed off her long, slim legs. She is physically attractive and has a luminous smile. For 8am her make-up was a touch theatrical (she once wanted to be an actress and there was, after all, a camera to be faced).

She is the only child of working class parents – her father was a print compositor – from Writtle, outside Chelmsford.

They invested everything in her at a time when money was thought wasted on a girl.

From the local girls' high school she won a place at Newnham College, Cambridge, where she took a First in modern and medieval languages. The British Foreign Office had just opened its doors to women and Anstee, to her surprise, passed through. There she met Ernie Bevin, the foreign secretary, and, more sensationally, the traitor Donald Maclean.

"I was the last person to see him the night he disappeared. Nobody ever questioned me about it. I had a very strange conversation with him when he said he wasn't going to be around the next day."

She switched to the UN and was rarely in England again but for a year as economics adviser to Harold Wilson at Number 10 under Lord Balogh. (She had taken an external degree in economics at London University, sitting the final exams in the British embassy in La Paz.)

A round of increasingly senior postings took her through Latin America – she was in Chile during the Pinochet coup – and North Africa, whence she was detached to the relief operation following the Bangladesh flood of 1973.

Later, from administrative posts in New York and Vienna she was flown out to co-ordinate aid after the Mexican earthquake, the Chernobyl nuclear disaster and the Kuwait oil-well fires.

But Angola, she said, was the toughest job. With a limited mandate, small budget and inadequate manpower, the UN monitoring team she led was incapable of buttressing any accord reached by the government and the Unita rebels. Having chaired six weeks of negotiations and secured agreement on all but one of 38 points – the terms of Unita withdrawal – she was told there would be no UN troops available for at least six to nine months after a ceasefire.

"What was I supposed to do? Was I supposed to say 'you are very good boys. Thankyou very much. Now be very good, stay where you are and if you really behave in nine months we will provide a nanny for you.'?

"A big danger is that rebels everywhere are looking at Bosnia and seeing what they can get away with."

Perhaps our hopes of the UN are much too ambitious, I said.

"No, I don't think they're too ambitious. It seems to me those hopes reflect what the UN ought to be doing. The problem is the hopes are not accompanied by a true political will to give the UN the wherewithal.

"Angola has some very important lessons for the UN. Member states in a way are half-hearted about peacekeeping. When it comes to the point they are not really ready to put up the mandate or the resources."

The UN secretariat was always under fire, she said. Seldom did critics remind themselves that it could do only what member states allowed it to.

Margaret Anstee is the UN's first woman field officer, the first to become an under secretary-general and the first to head a peace-keeping mission. Her peripatetic career would have been impossible with husband and children. Was it a big sacrifice to make?

"I think in retrospect, yes. But you were not so conscious of it at the time."

You're going to live alone on Lake Titicaca, I said. Would it have been nice to have someone to take with you?

"Of course. But the person I would have liked to take is dead." She paused. There were tears in her eyes. "He died... in January, '91."

She was referring to Sir Robert Jackson, the Australian born UN under-secretary she met in the late 1960s and with whom she lived for 20 years. He was formerly married to the economist Barbara Ward.

I apologised for upsetting her. "That's alright," she said.

"But let me add another thing. I have also had tremendous satisfactions. And I want to say this because everyone's hammering the UN. I don't regret it because I have met many marvellous people and I have had a very, very interesting life."

Can women bring something different to the job?

"Yes, I think they can. I'm all for women's advancement, but not in the sense of trying to ape the men and out-strip them at the their own game. Governments always had to have their arms twisted to accept me. But if you proved yourself afterwards, in some ways, it was easier for a woman."

Because men are putty in a woman's hands?

She laughed. "I wouldn't say that. Unita weren't exactly putty in my hands. Nor were the Angolan government, for that matter. But I think there is something in that.

"Savimbi always said to me 'We have a great respect for women and we regard you as the mother of this process.' Of course when I said things that did not please Unita, the wrath turned against the mother.

"Unita radio called me a prostitute, a smuggler of diamonds, a smuggler of mercury – I didn't know one *could* smuggle mercury – that I had arrived a poor woman and was leaving a rich one. And that a stray bullet would find me.

"Some on the government side said they were glad because a woman would show more sensitivity to the human suffering.

"These are simplistic views. There are many women who are completely impervious to human suffering just as there are many men who feel very strongly about it."

Margaret Anstee has faced death – her own as well as others. In Bolivia in 1964 her house came under fire because it was beside the city garrison. In Angola last October a nearby ammunition dump blew up and mortars rained on the UN compound. There was the death threat from Unita.

"Angola was a pretty awful experience. Chernobyl was awful too, in a different, very menacing way. To go into this place that was absolutely dead. It was frightening when you went into the reactor..."

Kuwait, she said, was "like hell-fire, another dreadful demonstration of the awful things that human beings can do." Chile was traumatic for the encounters with torture victims – and the torturers.

"In one week 1,000 people came in begging for UN protection. I had men on their knees throw their arms round my legs to say 'Don't put me out on the street.' Every day there were *bodies in the river*, and friends who disappeared. It was a terrible, terrible time.

"I think it was a watershed in my life. I had always thought of myself as an international civil servant, but then I realised there was a little bit of chauvinism inside me which said to me, when it was too awful to bear, 'Well, never mind dear, this couldn't possibly happen in England.'

"But Chile is one of the most cultivated places and the people have such a sense of humour. They can laugh at themselves, like us. When I saw what happened there I thought, my God, this could happen anywhere."

Did you start out a bright-eyed idealistic young woman?

"Very."

And how has the experience of these atrocities changed you? "*How can I sum it up?* I have an awful feeling that we seem able to develop everything in life, particularly the technology and the weapons of destruction. The thing that just doesn't seem to develop is human nature.

"You ask me am I sorry I didn't have children. Yes, I am. But in some ways I'm sort of relieved... Yes, I was probably very foolishly idealistic and optimistic. I'm still optimistic because..."

One has no choice?

"One has no choice. Otherwise life just wouldn't be worth living. I don't want to give a message of despair because I think individual people can do so much."

It might have been her own citation.

As they say in Europe / **James Morgan**

# Just another everyday crisis

*After announcing the emergency, TV went straight back to football*

THE MOSCOW papers have had no shortage of material in the past couple of weeks: the shelling of the local White House, in particular, aroused a good deal of interest as was shown by the huge crowd of spectators it attracted. But the city's journalists take these things in their stride.

"Today's *Izvestia* focuses on developments around the former parliament building," wrote the Tass news agency in its press review the other day. The word "former" was, in fact, used even before President Boris Yeltsin's tanks set fire to the building so, plainly, Tass grasped the way things were moving.

The relaxed approach of the Russians and their media to supposedly epoch-making events is something that has been noted before in this column. This time, it was shown in the measured partisanship of different papers.

*Pravda* was naturally for the parliamentarians (and got banned as a result), while *Nezavisimaya Gazeta* on the whole backed the president. But even it thought that the "blockade of the House of Soviets... is disgracing us before the whole world."

However, it was hard to disentangle where this paper – its name means *The Independent* – really stood but I gained some understanding when it became one of the first to be censored.

But I still needed the list of prohibited papers, as they appeared in the official decree, to be certain as to who opposed whom.

The pro-Yeltsin *Komsomolskaya Pravda* adopted an unusual position on the banning of *Rossiskaya Gazeta*, calling the situation "immoral." This, however, was because hundreds of thousands of people had paid their subscriptions to the end of the year and "now would not want to read the paper" even if they could.

Local television took a keen interest in the parliamentary rebellion without allowing excessive disruption of its output. When the main channel, Ostankino, had to break into its Sunday afternoon schedule to announce that a state of emergency had been imposed, it went back to a football match within three minutes.

Russia's second city, St Petersburg, reacted calmly – the lead story there last weekend was the 50th anniversary of the lifting of the Nazi siege.

Further afield, the Poles were, as usual, steeped in gloom. "The shadow of the dramatic events in Moscow hangs over Poland," wrote *Zycie Warszawy*. "In this situation, the internal cohesion of Poland as regards unity and the key issues of sovereignty, is gaining significance. All kinds of inter-party squabbling must stop."

If you read the Polish press often enough, you come to see that every big international story conceals a Polish story struggling to get out.

For the Czechs, it was the media that had emerged victorious. "Freedom of speech played the greatest role in the defeat of the parliamentary putsch," wrote one Prague commentator. It was probably Kafka who pointed out originally that freedom of speech's greatest victories usually occur when the opposition's papers have been closed.

Yeltsin's opponents may have expected to find allies abroad in the old mouthpieces of other communist parties. This was not so. The Czech *Rude Pravo* said Rutskoi and Khasbulatov had over-reached themselves. And, in Paris, *L'Humanité* was scarcely more helpful when it wrote: "Russia is on the path of third-worldisation and on the verge of transforming itself into a banana republic. And while these little chieftains struggle among themselves, the Russians slip into poverty."

A further sceptical west European note was struck at the other end of the political sectrum by *Handelsblatt*. This representative of the German business establishment said the west had to ask itself whether it had supported Yeltsin enough and criticised him enough.

This (admittedly somewhat indigestible) collection of comments helps to bring home a number of realities. Russia probably does not feel itself to be on the edge of a cataclysm, and the course of events is not even regarded as extraordinary. Indeed, a nation with Russia's history in the 20th century would be hard put to define "extraordinary."

We see also that the Poles are far more scared of events in Russia than the Czechs who, these days, are two countries away. Germany is further away still, but inevitably more anxious: there were few signs of enthusiasm for Yeltsin's victory there. Typical French opinion was that nothing would be quite the same again, and that real power resided with the army. By comparison, the British papers seemed rather optimistic.

The real contrast, though, remains that between foreign assumptions of the huge importance of the events in Moscow and the restrained vision of the Russians themselves. The financial markets, incidentally, agreed with the Russians.

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